ADOPT-A-FAMILY
OF THE PALM BEACHES, INC.

REPORT ON AUDIT OF
CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended June 30, 2021
(with comparable totals for 2020)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Adopt-A-Family
of the Palm Beaches, Inc.
Lake Worth, Florida

We have audited the accompanying consolidated financial statements of Adopt-A-Family of the Palm Beaches, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Adopt-A-Family of the Palm Beaches, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2021, on our consideration of Adopt-A-Family of the Palm Beaches, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Adopt-A-Family of the Palm Beaches, Inc.'s internal control over financial reporting and compliance.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. In addition, the consolidated schedules of revenues and expenses – operations and capital project, and program expenses are presented for purposes of additional analysis, and are not a required part of the basic consolidated financial statements. The schedule of expenditures of federal awards and consolidated schedules of revenues and expenses – operations and capital project, and program expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the June 30, 2020 financial statements, and our report dated November 12, 2020, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Holyfield & Thomas, LLC

West Palm Beach, Florida
December 2, 2021

	Without Donor Restrictions	With Donor Restrictions	2021 Totals	2020 Totals
ASSETS				
Current assets:				
Cash and cash equivalents	$ 1,386,365	$ 544,006	$ 1,930,371	$ 1,966,687
Grants and allocations receivable	616,216	200,000	816,216	871,886
Contributions receivable, net	24,250	-	24,250	34,750
Prepaid expenses	225,043	-	225,043	13,534
Other current assets	1,275	-	1,275	1,275
Total current assets	2,253,149	744,006	2,997,155	2,888,132
Cash and cash equivalents, non-current	995,708	16,258	1,011,966	829,273
Other assets	6,018	-	6,018	6,768
Property and equipment, net	7,578,318	-	7,578,318	7,888,924
Community land trust, net	1,372,829	-	1,372,829	1,446,185
Total assets	$ 12,206,022	$ 760,264	$ 12,966,286	$ 13,059,282
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	$ 374	$ -	$ 374	$ 53,186
Accrued expenses	339,708	-	339,708	475,284
Refundable advance	-	-	-	257,227
Current portion of obligation under capital lease	27,981	-	27,981	23,455
Current portion of loan payable	-	-	-	13,260
Total current liabilities	368,063	-	368,063	822,412
Non-current liabilities:				
Resident deposits and escrow accounts	221,708	-	221,708	181,015
Obligation under capital lease	66,309	-	66,309	56,014
Loan payable	-	-	-	120,110
Total liabilities	656,080	-	656,080	1,179,551
Net assets:				
Without donor restrictions:				
Equity in fixed assets	7,484,028	-	7,484,028	7,676,085
Equity in community land trust	1,372,829	-	1,372,829	1,446,185
Designated for contingencies	774,000	-	774,000	632,000
Undesignated	1,919,085	-	1,919,085	1,469,761
Total without donor restrictions	11,549,942	-	11,549,942	11,224,031
With donor restrictions	-	760,264	760,264	655,700
Total net assets	11,549,942	760,264	12,310,206	11,879,731
Total liabilities and net assets	$ 12,206,022	$ 760,264	$ 12,966,286	$ 13,059,282

See accompanying notes to consolidated financial statements.

	Without Donor Restrictions	With Donor Restrictions	2021 Totals	2020 Totals
Support and revenue:				
Grants and donations:				
Governmental grants	$ 4,024,326	$ -	$ 4,024,326	$ 4,084,342
United Way allocations	374,148	200,000	574,148	591,810
Contributions	1,752,094	1,256,396	3,008,490	2,551,992
In-kind donations	4,421	-	4,421	43,102
Total grants and donations	6,154,989	1,456,396	7,611,385	7,271,246
Special events	1,043,834	-	1,043,834	659,641
Rents	490,393	-	490,393	445,037
GROW tuition	5,018	-	5,018	9,784
Other income	26,165	1,286	27,451	55,909
Total support and revenue	7,720,399	1,457,682	9,178,081	8,441,617
Net assets released from restriction	1,353,118	(1,353,118)	-	-
Expenses:				
Program services	7,520,178	-	7,520,178	6,357,579
General and administrative	531,372	-	531,372	549,481
Fundraising and development	696,056	-	696,056	617,975
Total expenses	8,747,606	-	8,747,606	7,525,035
Change in net assets	325,911	104,564	430,475	916,582
Net assets, beginning of year	11,224,031	655,700	11,879,731	10,963,149
Net assets, end of year	$ 11,549,942	$ 760,264	$ 12,310,206	$ 11,879,731

See accompanying notes to consolidated financial statements.

	2021	2020
Cash flows from operating activities:		
Cash received from grants and donations	$ 7,295,195	$ 7,047,428
Cash received from special events	975,987	564,425
Cash received from rents and tuition	490,393	445,037
Cash paid to suppliers, client assistance and employees	(8,562,734)	(6,920,334)
Other income received	30,539	44,494
Interest expense paid	(7,951)	(8,961)
Net cash provided by operating activities	221,429	1,172,089
Cash flows from investing activities:		
Purchase of property and equipment	(68,166)	(3,382,317)
Proceeds from disposal of assets	2,712	-
Net cash used in investing activities	(65,454)	(3,382,317)
Cash flows from financing activities:		
Change in resident deposits and escrow accounts	40,693	43,808
Proceeds from contributions restricted for capital campaign	110,498	420,458
Principal payments on obligation under capital lease	(27,419)	(23,717)
Principal payments of loans payable	(133,370)	(12,482)
Net cash provided by (used in) financing activities	(9,598)	428,067
Change in cash and cash equivalents	146,377	(1,782,161)
Cash and cash equivalents, beginning	2,795,960	4,578,121
Cash and cash equivalents, ending	2,942,337	2,795,960
Cash and cash equivalents, non-current	(1,011,966)	(829,273)
Cash and cash equivalents, current	$ 1,930,371	$ 1,966,687

See accompanying notes to consolidated financial statements.

	2021	2020
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	$ 430,475	$ 916,582
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	493,300	346,207
Loss (gain) on disposal of assets	(1,644)	7,910
(Increase) decrease in certain assets:		
Grants and allocations receivable	55,670	(46,594)
Contributions receivable	10,500	(12,000)
Prepaid expenses	(197,936)	75,596
Other current assets	750	-
Increase (decrease) in certain liabilities:		
Accounts payable	(66,385)	6,754
Accrued expenses	(135,576)	40,865
Refundable advance	(257,227)	257,227
Contributions restricted for capital campaign	(110,498)	(420,458)
Net cash provided by operating activities	$ 221,429	$ 1,172,089

Supplemental disclosure of non cash investing and financing activities:

During 2021, the Organization incurred debt of $42,240 in the form of capital leases used to acquire new office equipment.

See accompanying notes to consolidated financial statements.

For the Year Ended June 30, 2021 ***(with comparable totals for 2020)***

	Program Services	Management and General	Fundraising and Development	2021 Totals	2020 Totals
Salaries	$ 2,690,112	$ 236,778	$ 392,530	$ 3,319,420	$ 2,955,632
Employee benefits	531,337	65,284	63,197	659,818	614,955
Payroll taxes	197,287	10,871	24,502	232,660	209,959
	3,418,736	312,933	480,229	4,211,898	3,780,546
Advertising and recruitment	6,359	2,331	193	8,883	6,072
Building maintenance	402,918	30,188	961	434,067	262,255
Direct fundraising costs	-	-	78,347	78,347	83,216
Equipment rental	48,138	240	8	48,386	29,690
Insurance expense	224,217	42,666	22,691	289,574	227,438
Interest expense	-	7,951	-	7,951	8,961
Membership dues	9,643	2,432	1,894	13,969	14,062
Office supplies	42,932	34,429	3,811	81,172	94,256
Other expenses	9,924	13,575	6,733	30,232	23,537
Postage	1,904	1,469	890	4,263	4,742
Printing	2,891	332	19,306	22,529	2,876
Professional fees	143,016	34,514	63,255	240,785	210,814
Property tax	25,414	1,676	328	27,418	26,445
Rent	9,174	1,610	798	11,582	10,551
Specific assistance and program supplies	2,599,436	-	-	2,599,436	2,262,777
Telephone	28,374	3,521	1,741	33,636	32,111
Training and development	7,662	14,720	1,057	23,439	32,658
Travel and transportation	17,514	5,584	3,368	26,466	28,920
Utilities	53,910	4,252	2,111	60,273	36,901
	7,052,162	514,423	687,721	8,254,306	7,178,828
Depreciation	468,016	16,949	8,335	493,300	346,207
Total expenses	$ 7,520,178	$ 531,372	$ 696,056	$ 8,747,606	$ 7,525,035

See accompanying notes to consolidated financial statements.

1. *Business and Summary of Significant Accounting Policies*

Presentation

The accompanying financial statements reflect the consolidated financial statements of Adopt-A-Family of the Palm Beaches, Inc. ("AAF") and LW NSP2, LLC ("LLC") (collectively the "Organization"). All significant inter-organization accounts and transactions have been eliminated.

Organization

Adopt-A-Family of the Palm Beaches, Inc. was incorporated in November 1984, as a not-for-profit corporation under Florida law. AAF is a non-profit 501(c)(3) organization dedicated to strengthening families with children in their efforts to achieve stability and self-sufficiency by providing access to all-encompassing services. LW NSP2, LLC was created in December 2010, as a single member LLC with AAF as the only member. The LLC owns and operates various rental properties under the Neighborhood Stabilization Program 2. Some of the programs offered by the Organization include:

Project Grow

Project Grow is the agency's licensed afterschool/out-of-school program serving children in kindergarten through fifth grade. Most children attending are formerly homeless and reside in one of the agency's housing programs. The program is customized to meet the unique needs of formerly homeless children and focuses on building the children's social, emotional, and educational skills. 100% of the children attending Project Grow were promoted to the next grade level during the school year ended during June 2021.

Scholarship

Through a donor-funded scholarship program, resident children at all grade levels have the opportunity to attend private schools suited to their individual needs and talents. The scholarship funds tuition, fees, and associated expenses (uniforms, school lunches, field trips, etc.) so there is no additional cost to the family.

Senator Philip D. Lewis Homeless Resource Center (HRC)

The Organization is a partner agency of Palm Beach County's homeless resource center (HRC), which opened in 2012. The HRC serves as Palm Beach County's "front door" for access to homeless services. The Organization operates the family division and provides homeless families with assessments, case management, access to mainstream resources, vital shelter and housing services, and permanent housing. The HRC family division receives funding from multiple sources, including Palm Beach County, HUD, private foundations, and partnering agencies. Over 4,000 calls were received by the HRC family division which resulted in 1,819 individuals, of which, 682 were adults and 1,137 were children, receiving services during the fiscal year. 93% of families who were housed by the HRC maintained stable housing after one year as evidenced by not re-entering the homeless system.

1. Business and Summary of Significant Accounting Policies, continued

Organization, continued

Senator Philip D. Lewis Homeless Resource Center (HRC), continued

Connecting Youth to Opportunities (CYTO)

CYTO is a Rapid Re-Housing program for families experiencing homelessness, whose head of household must be 18 to 24 years old at program entry. The program is one of the HUD funded programs administered out of the HRC. The program offers intensive case management and supportive services to all residents, as well as a declining rental subsidy to assist clients while they get to point of sustaining the total rent on their own. A total of 33 families, or 91 individuals, received services and 50% of the families participating in the program increased or maintained their income during the fiscal year.

Connecting Youth to Opportunities 2 (CYTO 2)

CYTO 2 is a Rapid Re-Housing program for families experiencing homelessness, whose head of household must be 18 to 24 years old at program entry. The program is one of our new HUD funded programs and is administered out of the HRC. The program offers intensive case management and supportive services to all participants, as well as a declining rental subsidy to assist clients while they get to point of sustaining the total rent on their own. A total of 10 families, or 27 individuals, received services and will be measured for success next fiscal year.

Youth Establishing Stability (YES)

YES is a Permanent Supportive Housing program for families experiencing homelessness, whose head of household must be 18-24 years old at program entry and must have a disability of long duration. This is one of our new HUD funded programs administered out of the HRC. The program offers intensive case management and supportive services to all 26 residents who will begin being measured for success next fiscal year.

Housing Stabilization Program

The Housing Stabilization Program provides homeless prevention services to families who are at imminent risk of eviction and homelessness. Families receive case management, financial assistance, and other supportive services to help them remain in their home. This program prevented 296 Palm Beach County families from becoming homeless and allowed them to remain stably housed during the fiscal year. In addition, 88% of the families served in the prior fiscal year remained stably housed after agency assistance.

Neighborhood Stabilization Program 2 (NSP2)

The Organization, in partnership with the Lake Worth Community Redevelopment Agency (CRA), was one of 56 awardees in 2010 to be awarded funding through HUD's NSP2 funding competition. The goal of the program was to stabilize neighborhoods through the acquisition and rehabilitation of foreclosed properties. The Organization rehabilitated and constructed a total of forty-one housing units in the City of Lake Worth as a result of this opportunity. A total of seventeen units were sold by the Organization to income-qualified households between 2010 and 2014.

1. <u>Business and Summary of Significant Accounting Policies</u>, continued

Organization, continued

Neighborhood Stabilization Program 2 (NSP2), continued

Twenty-four units were retained by the Organization and are currently being used as affordable, defined as below fair market rent rates, rental properties for low-income families. In accordance with HUD's national grant guidelines, the units are deed restricted, protecting their affordability for 20 years from the date of completion of construction. The program maintained a 93% occupancy rate during the fiscal year and served 98 individuals.

Project S.A.F.E. (Stable, Able, Family Environment)

Project SAFE is a permanent supportive housing program for homeless families partially funded by HUD. The program consists of 32 units of agency-owned housing and is currently the largest permanent supportive housing program for homeless families with a head of household living with a disability in Palm Beach County. The program offers intensive case management and supportive services to all 113 residents. 98% of participating families remained stably housed during the fiscal year. 84% of the 32 adults participating in the program increased or maintained their income during the fiscal year.

Service Enriched Housing (S.E.H.)

The Service Enriched Housing program offers affordable housing to low-income families who are on the path to home ownership. The program consists of 30 two-bedroom apartment units located adjacent to the Organization's Family Resource Center. Rent is based on 30% of the family's gross income. The Organization captures the first $550 as the base rent with all additional funds placed in escrow and used for credit repair, home ownership activities, and general wealth building. Collectively participant families saved $81,025 during the fiscal year.

Julian Place

Julian Place is the Organization's new affordable housing facility designed to provide programing that will improve children's educational outcomes through the provision of stable housing. Julian Place offers fourteen 2-,3-, and 4-bedroom townhomes and a dedicated community center in Lake Worth, Florida. The program partners directly with Highland Elementary School, a Title 1 school located three blocks from Julian Place. Resident families must have a child enrolled in Highland Elementary at program entry. The Organization tracks educational outcomes for all students in the household. The program offers tutoring, mentoring, mental health services, parenting classes, financial literacy training, case management, and enrollment in Project Grow. The program offers case management to all 13 families.

1. __Business and Summary of Significant Accounting Policies__, continued

Organization, continued

Community Land Trust Program/Wiley Reynolds Apartments

The Organization's Community Land Trust Program combined with the Organization's Wiley Reynolds Apartments provides affordable home ownership and rental opportunities to income qualified households. Home ownership opportunities use a land lease model in which the Organization retains ownership of the land while the purchaser owns the improvements. This arrangement permits the improvements to be sold at a reduced rate. Rental opportunities primarily consist of the nine-unit Wiley Reynolds Gardens apartments. The units offer low-income families and families experiencing homelessness housing that is priced below 50% of the fair market rent rates. 38 individuals were served during the fiscal year and 100% of the heads of household of participating families were employed full time during the fiscal year.

Mental Health Wellness

The Mental Health Wellness Program's (MHW) primary goal is eliminating barriers to mental health services for the Organization's high-need participants and to improve their mental health and family functioning. Though many families served by the Agency are in need of mental health services, a significant portion of the Organization's families do not engage with therapists due to barriers such as lack of transportation, acceptable health coverage, financial requirements, and provider availability. In addition, the onsite therapist is available for crisis intervention and de-escalation, and provides guidance to case managers of the families. 44 individuals, including 16 children, engaged in therapy during the fiscal year. 93% of the clients enrolled in the program have shown improved mental health based on scores in the DSM-5 Cross Cutting Symptom Measures tool.

Program REACH

The Organization operates Palm Beach County's main emergency shelter serving families with minor children experiencing homelessness. Program REACH (REACH) provides 19 apartments ranging between 1 – 3 bedrooms. Families receive up to 90 days immediate and safe housing paired with support services and resources to seek a permanent housing solution. Families enter REACH through the HRC. 334 individuals were assisted during the fiscal year with REACH. 100% of families remained housed for three months after successfully exiting the shelter.

Basis of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Estimates

The preparation of consolidated 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 at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

1. __Business and Summary of Significant Accounting Policies__, continued

Consolidated Financial Statement Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with the disclosure and display requirements of the Financial Accounting Standards Board (FASB) as set forth under FASB Accounting Standards Codification (FASB ASC) 958-205 *Not-for-Profit Entities, Presentation of Financial Statements.* Accordingly, the net assets of the Organization are reported in each of the following classes:

> Net assets without donor restrictions: Include financial resources not restricted by donors, even though their use may be limited in other ways, such as by contract or by Board designation. Unrestricted amounts are currently available, at the discretion of the Board, for use in the Organization's operations.
>
> The Organization does not imply time restrictions on gifts of long-lived assets. In the absence of explicit donor stipulation as to how long an asset must be held, the Organization releases any purpose restrictions when the asset is placed in service for the use stipulated by the donor.
>
> Net assets with donor restrictions: Include financial resources whose use by the Organization has been limited by donor restriction as to the period of use or to specified purposes. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the restricted amounts are reclassified to net assets without donor restrictions.

Fair Value of Financial Instruments

The Organization follows FASB ASC 820-10, "*Fair Value Measurements and Disclosures*," which provides a common definition of fair value, establishes a framework to measure fair value within accounting principles generally accepted in the United States of America, and expands the disclosures about fair value measurements. The standard does not create any new fair value measurements. Instead, it applies under existing accounting pronouncements that require or permit fair value measurements.

For assets and liabilities measured at fair value on a recurring basis, entities should disclose information that allows financial statement users to assess (1) the inputs used to develop such measurements, such as Level 1 (i.e., quoted price in an active market for an identical asset or liability), Level 2 (i.e., quoted price for similar assets or liabilities in active markets), or Level 3 (i.e., unobservable inputs); and (2) the effect on changes in net assets of recurring measurements that use significant unobservable (Level 3) inputs. The Organization did not have financial instruments measured at fair value on a recurring basis.

1. __Business and Summary of Significant Accounting Policies__, continued

Fair Value of Financial Instruments, continued

The following methods and assumptions were used by the Organization in estimating fair value of financial instruments that are not disclosed under ASC 820-10.

Cash and Cash Equivalents: The carrying amount reported approximates fair value.

Grants and Allocations and Contributions Receivable: The carrying amount approximates fair value due to the short term of the receivables.

Accounts Payable and Accrued Expenses: The carrying amount reported approximates fair value due to the short-term duration of the instruments.

Capital Lease, Line of Credit and Loans Payable: The carrying amount reported approximates fair value as the stated interest rates approximate market rates.

Cash and Cash Equivalents

Cash and cash equivalents include checking, savings, money market accounts, insured cash sweep, and petty cash. The Organization also considers short-term investments with a maturity of three months or less when purchased to be cash equivalents.

Grants and Allocations Receivable

Grants receivable are recorded when services have been rendered. If events or changes in circumstances indicate that specific receivable balances may be disallowed by the granting authority, the receivable balances are written-off as an operating expense. Allocations receivable that are unconditional are recorded at the time of receipt.

Promises to Give

Unconditional promises to give are recognized as support in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Unconditional promises to give noncash assets that are expected to be received in future years are recorded at the present value of the expected fair value of the underlying noncash assets expected to be received. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Any changes in the expected fair value of underlying noncash assets are reported as increases and decreases in contribution revenue in the period the change occurs. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

1. __Business and Summary of Significant Accounting Policies__, continued

Property and Equipment

Acquisitions of property and equipment in excess of $2,500 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of the donation. Donations of property and equipment are recorded as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies donor restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over the estimated useful life of the assets, ranging from 3 to 39 years.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Resident Deposits and Escrow Accounts

In connection with its various housing programs, the Organization receives and maintains deposits on rent and escrow funds for residents to be later returned to them or recorded as revenue.

Accrued Absences

Employees may accumulate unused vacation based upon the length of service. Accumulated vacation is payable to eligible employees upon termination or retirement at the current rate of pay, if employed more than 90 days. Accumulated unpaid vacation is accrued as a liability and charged to expense as incurred.

Refundable Advances

The Organization has reimbursement arrangements with various grantors whereby the Organization receives funds ahead of the expenditure. In accordance with the terms of these arrangements, any funds that are not spent within the contract period must be refunded to the grantors.

Designated for Contingencies

As of June 30, 2021, the Organization has segregated $774,000 of net assets for a contingency fund. The contingency fund constitutes $581,900 for AAF needs and $192,100 for NSP2 needs.

1. __Business and Summary of Significant Accounting Policies__, continued

Revenue Recognition

The Organization receives various grants from federal, local, and private agencies for program and supporting service expenses. These grants are generally on a cost reimbursement basis, including recoverable overhead. Revenues from grants are deemed earned and recognized in the Consolidated Statement of Activities when expenditures are made for the purpose specified. Funds that have been received but have not yet been expended for the purpose specified are reported as revenue with donor restrictions or refundable advance, as applicable.

Grants which are not awarded on a cost reimbursement basis are recorded as support in the year for which the grant was awarded and in which the conditions of the grant are met.

Support and Revenue

Support from foundations, unconditional promises to give, and other contributions of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when either the stipulated time restriction ends or the purpose restriction is accomplished, donor restricted net assets are reclassified and reported in the Consolidated Statements of Activities as net assets released from restriction. However, if the restriction is met in the same period as the restricted income is received, the Organization classifies such income as unrestricted support.

In-Kind Donations

The Organization records various types of in-kind support including contributed professional services and materials. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The total amount of donated goods during the year ended June 30, 2021, amounted to approximately $4,400. This amount is recognized as both revenue, under the caption of in-kind donations, and as various expenses in the Consolidated Statement of Activities and Consolidated Statement of Functional Expenses. There were no significant contributions of professional services for the year ended June 30, 2021.

In addition, the Organization relies on volunteers who donate significant time in the advancement of its goals; however, such services do not meet the criteria for financial statement recognition and are therefore not included herein.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Consolidated Statement of Activities and according to natural classification in the Consolidated Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

1. Business and Summary of Significant Accounting Policies, continued

Specific Assistance

Specific assistance expense, as denoted on the Consolidated Statement of Functional Expenses, consists of direct financial assistance expended on behalf of the Organization's clients correlating to the mission of the respective programs.

Advertising Costs

Advertising costs are charged to operations when incurred.

Income Taxes

Adopt-A-Family of the Palm Beaches, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. LW NSP2, LLC is a single member LLC and is treated as a disregarded entity for income tax purposes. Therefore, no provision for income taxes has been made in these consolidated financial statements. In addition, AAF qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

The Organization follows FASB ASC 740-10, "*Accounting for Uncertainty in Income Taxes*." This pronouncement seeks to reduce the diversity in practice associated with certain aspects of measurement and recognition in accounting for income taxes. It prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. An entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold. The Organization assesses its income tax positions based on management's evaluation of the facts, circumstances, and information available at the reporting date. The Organization uses the prescribed more likely than not threshold when making its assessment. The Organization has not accrued any interest expense or penalties related to tax positions for the year ended June 30, 2021, and there are currently no open Federal or State tax years under audit.

Comparative Financial Statement Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

1. __Business and Summary of Significant Accounting Policies__, continued

Recently Adopted Accounting Pronouncements

As of July 1, 2020, the Organization adopted the provisions of FASB Accounting Standards Update (ASU) No. 2014-09, *Revenues from Contracts with Customers* (Topic 606), as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited consolidated financial statements were required on a retrospective basis.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). ASU 2016-02 replaces existing leasing rules with a comprehensive lease measurement and recognition standard and expanded disclosure requirements. ASU 2016-02 will require lessees to recognize most leases on their statement of financial position as liabilities, with corresponding “right-of-use” assets. The standard is effective for annual reporting periods in fiscal years that begin after December 15, 2021. Management is currently evaluating the magnitude and other potential impacts on the Organization's consolidated financial statements.

2. __Liquidity and Availability of Resources__

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

Cash and cash equivalents	$ 1,930,371
Grants and allocation receivable	816,216
Contributions receivable	24,250
Total financial assets available to meet general expenditures over the next 12 months	$ 2,770,837

The Organization is substantially supported by contributions without donor and with donor restrictions. Because a donor’s restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Some of the Organization’s net assets with donor restrictions are available for general expenditure within one year of June 30, 2021, because the restrictions on the net assets are expected to be met by conducting the normal program activities of the Organization in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year. Furthermore, management believes the Organization has sufficient cash designated by the Board for contingencies plus a $350,000 line of credit, both of which may be drawn upon in the event of unanticipated financial distress or an immediate liquidity need. The Organization forecasts its future cash flows and monitors liquidity on a monthly basis.

3. ***Grants and Allocations Receivable***

A summary of grants and allocations receivable as of June 30, 2021, is as follows:

Palm Beach County	$ 370,228
Learning Coalition of Palm Beach County	7,042
Housing and Urban Development (HUD)	158,012
United Way	220,227
Homeless Coalition	60,707
Total grants and allocations receivable	$ 816,216

Management believes that grants and allocation receivable are fully collectible in less than one year and, therefore, no discount or allowance for uncollectible receivables was considered necessary.

4. ***Contributions Receivable***

Contributions are recognized in the period an unconditional promise to give is received. Contributions receivable are recorded at face value if due in less than one year, or at net realizable value, discounted as appropriate to reflect the estimated timing of receipt for contributions, if due more than one year after the date of receipt. As of June 30, 2021 all remaining balances are expected to be collected in less than one year. The allowance for uncollectible contributions receivable is determined based on management's estimate. The following is a summary of contributions receivable as of June 30, 2021:

Contributions receivable	$ 29,250
Allowance for uncollectible amounts	(5,000)
Net contributions receivable	$ 24,250

5. ***Property and Equipment***

Details of the Organization's property and equipment as of June 30, 2021, are as follows:

Land	$ 1,034,227
Buildings	9,185,840
Building improvements	1,359,551
Equipment	74,205
Equipment under capital lease	144,552
Motor vehicles	152,562
	11,950,937
Less accumulated depreciation	4,372,619
Net property and equipment	$ 7,578,318

6. Community Land Trust Program/Wiley Reynolds Apartments

The Organization operates a Community Land Trust (CLT) program that was established in order to make housing available to residents who cannot otherwise afford it while providing benefits to the local community. The land is held permanently by the Organization to ensure perpetual affordability; however, the homes are owned by those who live in them. When the Organization sells a home, it leases the underlying land to the homeowners through a long-term (i.e., 99-year) renewable lease, and retains a right of first refusal to buy back the building.

The program includes a single-family residence on 505 North K Street, a nine-unit apartment complex named Wiley Reynolds Apartments located at 1736 2nd Ave North, and a lot on 1715 3rd Ave North utilized for the Julian Place project.

The net assets without donor restrictions designated for the CLT as of June 30, 2021, consisted of the following:

Land	$ 296,669
Building	1,972,866
	2,269,535
Less accumulated depreciation	896,706
Total designated for CLT	$ 1,372,829

7. Refundable Advance

On April 14, 2020, the Organization received a loan in the amount of $667,357 to fund payroll and related expenses under the Small Business Administration (SBA) through the Paycheck Protection Program (the "PPP Loan"), one of the many stimulus provisions of the Coronavirus, Aid, Recovery and Economic Security Act (the "CARES Act"). On May 28, 2021, the loan was forgiven by the SBA based on qualified costs already incurred.

Management followed FASB ASC 958-605, "*Not-for-Profit Entities, Revenue Recognition*" to account for the amount received under the PPP Loan. Under this method, the amount of the PPP Loan is recorded as a refundable advance until the conditions of the PPP Loan are met. During the year ended June 30, 2021, the Organization incurred the remaining balance of $257,227 of qualified expenses under the PPP program. This amount is recognized as governmental grants in the Consolidated Statement of Activity.

8. Line of Credit

The Organization has a $350,000 line of credit with Iberia-Bank (Bank) that is collateralized by land, buildings, and improvements at 1712 2nd Avenue and 1717 3rd Avenue North. Interest is paid monthly at the Bank's prime rate, which was 3.25% as of June 30, 2021. There was no amount outstanding under the line of credit as of June 30, 2021.

9. Loan Payable

The Organization had a mortgage note payable to PNC Bank that was collateralized by land, buildings, and improvements at 1712 2nd Avenue. The note was paid off in June 2021.

10. ***Capital Lease***

The Organization leases certain equipment under capital leases that expire at various dates through August 2026. The assets and liabilities under the capital lease were recorded at the lower of the present value of minimum lease payments or the fair value of the assets. The assets are amortized over the lower of their lease terms or their estimated useful lives. Amortization of equipment under capital lease is included in depreciation expense in the accompanying consolidated financial statements. Depreciation of assets under capital leases charged to expense during the year ended June 30, 2021 was $24,734. Minimum future lease payments under capital lease as of June 30, 2021 for each of the next four years and in the aggregate are:

Year	Amount
2022	$ 27,981
2023	27,981
2024	22,728
2025	7,200
2026	7,200
Thereafter	1,200
Total obligation under capital lease	94,290
Less current portion	27,981
Long-term portion	$ 66,309

11. ***Net Assets with Donor Restrictions***

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2021:

Homeless Resource Center	$ 8,616
Housing Stabilization Program	48,542
Julian Place	175,019
Mental Health Wellness	26,302
Program Reach	86,137
Project Grow	364,648
Service Enriched Housing	51,000
Total net assets with donor restrictions	$ 760,264

12. ***Special Events***

The Organization sponsored several special events during the year. Special event revenues and expenses for the year ended June 30, 2021 were as follows:

	Revenues	Direct Expenses	Net
Tree Lighting	$ 750,529	$ 22,706	$ 727,823
Golf Tournament	208,685	48,951	159,734
Others	84,620	6,690	77,930
Total	$ 1,043,834	$ 78,347	$ 965,487

13. Employee Benefit Plan

The Organization sponsors a Safe Harbor contribution plan pursuant to Section 401(k) of the Internal Revenue Code. All employees are eligible to participate upon hire. Under the plan, employees may contribute a specified percentage of their salary or a fixed dollar amount to the plan. The Organization contributes a Safe Harbor contribution of 3% of eligible compensation to the plan once the employee had completed one year of service. The Organization's contribution to the plan for the year ended June 30, 2021 was $75,715.

14. Concentrations

The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. As of June 30, 2021, there was approximately $2,823,000 of uninsured deposits held in bank. The Organization has not experienced any losses on such accounts and management believes the Organization is not exposed to any significant credit risk arising from such balances.

15. Subsequent Events

Management has evaluated subsequent events through December 2, 2021, the date on which the consolidated financial statements were available to be issued, and determined there were no further disclosures required to be presented in these consolidated financial statements.

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

To the Board of Directors of
Adopt-A-Family
of the Palm Beaches, Inc.
Lake Worth, 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 consolidated financial statements of Adopt-A-Family of the Palm Beaches, Inc., which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, cash flows, and functional expenses for the year ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 2, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Adopt-A-Family of the Palm Beaches, 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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Adopt-A-Family of the Palm Beaches, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Adopt-A-Family of the Palm Beaches, 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 deficiencies, significant deficiencies, or material weaknesses. Given those limitations, during an audit we did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Adopt-A-Family of the Palm Beaches, Inc.'s consolidated financial statements are free of 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 in the effectives of Adopt-A-Family of the Palm Beaches, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Adopt-A-Family of the Palm Beaches, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the board of directors, management, federal awarding agencies, and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

Holyfield & Thomas, LLC

West Palm Beach, Florida
December 2, 2021

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

To the Board of Directors of
Adopt-A-Family
of the Palm Beaches, Inc.
Lake Worth, Florida

Report on Compliance for Each Major Federal Program

We have audited Adopt-A-Family of the Palm Beaches, 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 Adopt-A-Family of the Palm Beaches, Inc.'s major federal programs for the year ended June 30, 2021. Adopt-A-Family of the Palm Beaches, Inc.'s major federal programs are identified in the summary of auditor's 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Adopt-A-Family of the Palm Beaches, 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 Adopt-A-Family of the Palm Beaches, 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 Adopt-A-Family of the Palm Beaches, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Adopt-A-Family of the Palm Beaches, 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 Adopt-A-Family of the Palm Beaches, 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 Adopt-A-Family of the Palm Beaches, 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 Adopt-A-Family of the Palm Beaches, 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 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.

Holyfield & Thomas, LLC

West Palm Beach, Florida
December 2, 2021

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Consolidated Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Noncompliance material to consolidated financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance on major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Major programs:	
CFDA Number(s)	14.267
Name of Federal Program or Cluster:	U.S. Department of Housing and Urban Development - Continuum of Care Program
Dollar Threshold used to distinguish between type A and type B programs:	$ 750,000
Auditee qualified as a low-risk auditee?	Yes

SECTION II – CONSOLIDATED FINANCIAL STATEMENT FINDINGS

There are no findings or questioned costs reported for the year ended June 30, 2021, relative to financial reporting for Adopt-A-Family of the Palm Beaches, Inc.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no findings or questioned costs reported for the year ended June 30, 2021, relative to federal awards for Adopt-A-Family of the Palm Beaches, Inc.

CORRECTIVE ACTION PLAN

There is no corrective action plan required, as there are no findings or question costs reported for the year ended June 30, 2021.

PRIOR YEAR FINDINGS AND QUESTIONED COSTS

There were no prior audit findings or questioned costs for the year ended June 30, 2020, relative to federal awards requiring action on the part of the auditee for that fiscal year.

SUPPLEMENTARY INFORMATION

Federal Grantor/Pass-Through Grantor Program or Cluster Title	CFDA Number / Award Number	Federal Expenditures
U.S. Department of Housing and Urban Development - Office of Community Planning and Development		
Continuum of Care Program:	14.267 /	
Project SAFE II	FL0288L4D051912	$ 189,207
Project SAFE II	FL0288L4D052013	68,733
Connecting Youth to Opportunity	FL0664L4D051802	11,274
Connecting Youth to Opportunity	FL0664L4D051903	273,363
		542,577
Youth Homelessness Demonstration Program:	14.276 /	
Connecting Youth to Opportunity II	FL0845Y4D051800	102,111
Youth Establishing Stability	FL0844Y4D051800	109,533
		211,644
Passed through from Palm Beach County Housing and Community Development:		
Emergency Solutions Grants Program:	14.231 /	
Emergency Solutions Grant	R2020-1543	174,124
Emergency Solutions Grant	R2021-0025	88,645
		262,769
Total federal expenditures		$ 1,016,990

See independent auditor's report and accompanying notes to Schedule of Expenditures of Federal Awards.

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Adopt-A-Family of the Palm Beaches, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

2. Scope of Audit Pursuant to Uniform Guidance

All federal grant operations of Adopt-A-Family of the Palm Beaches, Inc. are included in the scope of the Uniform Guidance.

Programs tested as major federal programs included awards received directly from the U.S. Department of Housing and Urban Development under the Continuum of Care Program, with fiscal year 2021 expenditures totaling $542,577. Programs tested ensure coverage of at least 20 percent of federally granted funds. Actual coverage is approximately 53 percent of total federal award program expenditures.

	Operations	Capital Project	Totals
Revenues:			
Governmental grants	$ 4,024,326	$ -	$ 4,024,326
United Way allocations	574,148	-	574,148
Contributions	2,898,278	110,212	3,008,490
In-kind donations	4,421	-	4,421
Special events	1,043,834	-	1,043,834
Rents	490,393	-	490,393
GROW tuition	5,018	-	5,018
Other income	27,165	286	27,451
Total revenues	9,067,583	110,498	9,178,081
Expenses:			
Salaries	3,311,700	7,720	3,319,420
Employee benefits	659,588	230	659,818
Payroll taxes	232,147	513	232,660
	4,203,435	8,463	4,211,898
Advertising and recruitment	8,883	-	8,883
Building maintenance	434,067	-	434,067
Direct fundraising costs	78,347	-	78,347
Equipment rental and purchases	48,386	-	48,386
Insurance expense	288,451	1,123	289,574
Interest expense	7,951	-	7,951
Membership dues	13,969	-	13,969
Office supplies	78,572	2,600	81,172
Other expenses	30,232	-	30,232
Postage	4,263	-	4,263
Printing	22,529	-	22,529
Professional fees	228,743	12,042	240,785
Property and sales tax	27,418	-	27,418
Rent	11,582	-	11,582
Specific assistance and program supplies	2,599,436	-	2,599,436
Telephone	33,636	-	33,636
Training and development	23,439	-	23,439
Travel and transportation	26,466	-	26,466
Utilities	60,273	-	60,273
	8,230,078	24,228	8,254,306
Depreciation	493,300	-	493,300
Total expenses	8,723,378	24,228	8,747,606
Excess of revenues over expenses	$ 344,205	$ 86,270	$ 430,475

See independent auditor's report.

	Project GROW	Homeless Resource Center	Housing Stabilization Program	NSP2
Salaries	$ 242,377	$ 1,114,714	$ 388,629	$ 74,839
Employee benefit	53,440	218,453	66,692	17,106
Payroll taxes	17,061	78,772	31,624	5,679
	312,878	1,411,939	486,945	97,624
Advertising and recruitment	4,146	841	606	-
Building maintenance	33,084	701	1,552	75,068
Equipment rental and purchases	8	37	13	3
Insurance expense	23,719	45,711	35,931	27,517
Membership dues	589	2,633	775	831
Office supplies	10,426	10,208	3,439	252
Other expenses	31	1	-	2,748
Postage	166	874	257	55
Printing	60	264	93	65
Professional fees	6,351	27,107	25,247	5,687
Property and sales tax	672	-	558	10,306
Rent	869	3,799	1,344	290
Specific assistance and program supplies	28,805	1,535,297	846,928	9,803
Telephone	1,901	6,320	2,891	685
Training and development	455	1,709	1,815	283
Travel and transportation	2,088	5,360	443	762
Utilities	2,294	10,034	3,549	765
	428,542	3,062,835	1,412,386	232,744
Depreciation	28,570	-	14,148	67,724
Total expenses	$ 457,112	$ 3,062,835	$ 1,426,534	$ 300,468

See independent auditor's report.

Project S.A.F.E.	Service Enriched Housing	Julian Place	CLT / Wiley Reynolds Apartments	Mental Health Wellness	Program REACH	Total Program Expenses
$ 228,509	$ 106,250	$ 115,015	$ 19,543	$ 101,699	$ 298,537	$ 2,690,112
62,485	26,154	21,693	6,463	13,775	45,076	531,337
16,666	6,423	8,786	1,452	7,488	23,336	197,287
307,660	138,827	145,494	27,458	122,962	366,949	3,418,736
188	-	305	-	-	273	6,359
107,590	60,890	38,444	63,554	364	21,671	402,918
6	4	47,632	1	3	431	48,138
16,908	10,223	38,074	2,859	9,419	13,856	224,217
2,318	1,137	489	188	159	524	9,643
809	543	14,968	43	714	1,530	42,932
189	5,878	494	583	-	-	9,924
118	71	67	20	60	216	1,904
102	83	2,100	24	22	78	2,891
11,133	12,200	41,773	1,588	3,619	8,311	143,016
5,413	6,343	451	1,538	133	-	25,414
614	371	347	104	313	1,123	9,174
93,110	33,653	18,448	23,953	42	9,397	2,599,436
6,001	1,299	3,661	248	674	4,694	28,374
1,578	389	345	126	429	533	7,662
2,361	1,355	200	645	105	4,195	17,514
3,115	2,598	27,409	313	864	2,969	53,910
559,213	275,864	380,701	123,245	139,882	436,750	7,052,162
72,084	33,514	165,629	73,357	3,362	9,628	468,016
$ 631,297	$ 309,378	$ 546,330	$ 196,602	$ 143,244	$ 446,378	$ 7,520,178

See independent auditor's report.