

SOS CHILDREN'S VILLAGES - FLORIDA, INC.

**Financial Statements
and Supplementary Information**

**For the Years Ended
December 31, 2021 and 2020**

SOS CHILDREN’S VILLAGES - FLORIDA, INC.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
SOS Children's Villages – Florida, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of SOS Children's Villages – Florida, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of SOS Children's Villages – Florida, Inc. as of December 31, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SOS Children's Villages – Florida, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards 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 July 29, 2022, on our consideration of SOS Children's Villages – Florida, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SOS Children's Villages – Florida, 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 SOS Children's Villages – Florida, Inc.'s internal control over financial reporting and compliance.

Bellows Associates P. A.

Bellows Associates, PA
Coral Springs, Florida
July 29, 2022

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 3,413,132	\$ 2,590,137
Contract receivables	284,034	352,651
Contributions receivable, net	1,035,392	106,318
Prepaid expenses	19,986	12,631
Investments	750	750
Property and equipment, net	874,481	949,780
TOTAL ASSETS	\$ 5,627,775	\$ 4,012,267
LIABILITIES		
Accounts payable	\$ 29,156	\$ 15,830
Accrued expenses	204,092	174,215
Deferred revenue	-	10,150
TOTAL LIABILITIES	233,248	200,195
NET ASSETS		
Without donor restrictions	3,678,419	3,336,120
With donor restrictions	1,716,108	475,952
TOTAL NET ASSETS	5,394,527	3,812,072
TOTAL LIABILITIES AND NET ASSETS	\$ 5,627,775	\$ 4,012,267

See accompanying notes to the financial statements.

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Statements of Activities
For the Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES						
Governmental contracts and grants	\$ 2,839,374	\$ -	\$ 2,839,374	\$ 3,253,307	\$ -	\$ 3,253,307
Contributions - direct public support	1,325,887	1,748,191	3,074,078	1,897,229	353,195	2,250,424
Contributions - related organizations	15,000	-	15,000	14,383	-	14,383
Distributions from beneficial assets	55,019	-	55,019	53,563	-	53,563
Investment income	1,884	-	1,884	4,137	-	4,137
Net assets released from restrictions	508,035	(508,035)	-	345,003	(345,003)	-
TOTAL SUPPORT AND REVENUES	4,745,199	1,240,156	5,985,355	5,567,622	8,192	5,575,814
EXPENSES						
Program services:						
Foster Care	2,444,186	-	2,444,186	2,428,876	-	2,428,876
Dependency Case Management	432,661	-	432,661	382,408	-	382,408
Next Steps	388,138	-	388,138	371,914	-	371,914
Independent Living	24,896	-	24,896	31,721	-	31,721
Mental/Behavioral Health	72,711	-	72,711	79,065	-	79,065
Total program services	3,362,592	-	3,362,592	3,293,984	-	3,293,984
Management and general	317,189	-	317,189	278,883	-	278,883
Fundraising	723,119	-	723,119	610,828	-	610,828
TOTAL EXPENSES	4,402,900	-	4,402,900	4,183,695	-	4,183,695
CHANGE IN NET ASSETS	342,299	1,240,156	1,582,455	1,383,927	8,192	1,392,119
NET ASSETS, BEGINNING OF YEAR	3,336,120	475,952	3,812,072	1,952,193	467,760	2,419,953
NET ASSETS, END OF YEAR	\$ 3,678,419	\$ 1,716,108	\$ 5,394,527	\$ 3,336,120	\$ 475,952	\$ 3,812,072

See accompanying notes to the financial statements.

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Statements of Functional Expenses
For the Year Ended December 31, 2021

	Program Services					Management and General	Fundraising	Total	
	Foster Care	Dependency Case Management	Next Steps	Independent Living	Mental/Behavioral Health				Total
Salaries	\$ 1,192,513	\$ 349,699	\$ 183,721	\$ 21,080	\$ 64,724	\$ 1,811,737	\$ 194,472	\$ 396,212	\$ 2,402,421
Employee benefits	71,214	42,192	13,122	-	2,127	128,655	21,816	28,197	178,668
Payroll taxes	84,114	25,932	14,344	1,764	5,546	131,700	15,078	30,458	177,236
Professional fees	21,191	620	74	-	-	21,885	32,061	61,873	115,819
Advertising and marketing	-	-	-	-	-	-	-	250	250
Office expenses	59,438	2,807	4,105	1,699	165	68,214	19,500	42,471	130,185
Computer expense	30,915	-	5,527	-	-	36,442	1,027	2,570	40,039
Occupancy	729	-	23,043	-	-	23,772	-	-	23,772
Travel expenses	-	-	384	-	-	384	-	-	384
Conferences and meetings	2,712	200	5	-	149	3,066	-	133	3,199
Insurance	142,229	-	-	-	-	142,229	16,936	11,216	170,381
Home expenses	342,327	-	38,366	353	-	381,046	442	604	382,092
Children services	107,169	6,072	61,740	-	-	174,981	-	-	174,981
Vehicle expenses	183,969	5,139	43,644	-	-	232,752	42	972	233,766
Depreciation expenses	135,141	-	-	-	-	135,141	15,016	-	150,157
Maintenance service and supplies	69,460	-	-	-	-	69,460	382	74	69,916
Other event expenses	-	-	-	-	-	-	-	131,036	131,036
Fees, permits, and licences	1,025	-	-	-	-	1,025	198	16,631	17,854
Miscellaneous expense	40	-	63	-	-	103	219	422	744
Total Expenses	\$ 2,444,186	\$ 432,661	\$ 388,138	\$ 24,896	\$ 72,711	\$ 3,362,592	\$ 317,189	\$ 723,119	\$ 4,402,900

See accompanying notes to the financial statements.

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Statements of Functional Expenses (Continued)
For the Year Ended December 31, 2020

	Program Services					Management and General	Fundraising	Total	
	Foster Care	Dependency Case Management	Next Steps	Independent Living	Mental/Behavioral Health				Total
Salaries	\$ 1,247,863	\$ 305,335	\$ 178,371	\$ 25,935	\$ 70,800	\$ 1,828,304	\$ 169,774	\$ 393,112	\$ 2,391,190
Employee benefits	70,417	41,574	13,677	-	2,500	128,168	13,236	21,062	162,466
Payroll taxes	91,582	21,999	13,289	2,047	5,765	134,682	13,196	29,733	177,611
Professional fees	17,861	487	209	8	-	18,565	30,638	52,247	101,450
Advertising and marketing	-	-	-	-	-	-	-	2,000	2,000
Office expenses	58,682	1,271	3,642	900	-	64,495	17,369	43,271	125,135
Computer expense	18,088	-	-	-	-	18,088	489	1,887	20,464
Occupancy	219	660	19,583	-	-	20,462	-	-	20,462
Conferences and meetings	473	1,400	-	-	-	1,873	611	262	2,746
Insurance	130,658	-	-	-	-	130,658	15,915	10,223	156,796
Home expenses	362,680	576	19,339	403	-	382,998	733	536	384,267
Children services	61,640	5,012	92,101	2,428	-	161,181	-	-	161,181
Vehicle expenses	159,283	3,886	29,754	-	-	192,923	177	2,009	195,109
Depreciation expenses	135,094	-	-	-	-	135,094	15,010	-	150,104
Interest expense	-	-	-	-	-	-	540	-	540
Maintenance service and supplies	73,677	-	-	-	-	73,677	387	456	74,520
Other event expenses	208	170	-	-	-	378	139	36,103	36,620
Fees, permits, and licences	160	-	-	-	-	160	669	17,710	18,539
Miscellaneous expense	291	38	1,949	-	-	2,278	-	217	2,495
Total Expenses	\$ 2,428,876	\$ 382,408	\$ 371,914	\$ 31,721	\$ 79,065	\$ 3,293,984	\$ 278,883	\$ 610,828	\$ 4,183,695

See accompanying notes to the financial statements.

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,582,455	\$ 1,392,119
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	150,157	150,104
Changes in operating assets and liabilities:		
Contract receivables	68,617	(142,387)
Contributions receivable	(929,074)	432,672
Prepaid expenses	(7,355)	2,706
Accounts payable	13,326	(6,503)
Accrued expenses	29,877	(8,311)
Deferred revenue	(10,150)	10,150
	<u>897,853</u>	<u>1,830,550</u>
Net cash provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(74,858)	(33,999)
	<u>(74,858)</u>	<u>(33,999)</u>
Net cash (used in) investing activities		
NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	822,995	1,796,551
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, BEGINNING OF YEAR	<u>2,590,137</u>	<u>793,586</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF YEAR	<u>\$ 3,413,132</u>	<u>\$ 2,590,137</u>
Supplemental disclosures:		
As of December 31, 2021 and 2020, the amounts included in cash, cash equivalents, and restricted cash include the following:		
Cash - operations	\$ 2,661,086	\$ 2,176,685
Donor restricted cash	752,046	413,452
Total cash, cash equivalents, and restricted cash	<u>\$ 3,413,132</u>	<u>\$ 2,590,137</u>
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ 540</u>

See accompanying notes to the financial statements.

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 1 – Organization and Summary of Significant Accounting Policies

Organization

SOS Children's Villages – Florida, Inc. (SOS) is incorporated as a nonprofit corporation in the State of Florida. SOS is established and operates in accordance with the rules, regulations and criteria established by the SOS Kinderdorf International (SOS-KDI) which is headquartered in Innsbruck, Austria, to the extent there is no conflict with any applicable federal or state laws or regulations.

SOS provides care for foster children who have a history of abuse, neglect, or abandonment. SOS fulfills its mission by providing a family-oriented community offering healing, hope and home for children, young adults, and families to become self-sufficient contributing members of society. It is a top priority of SOS to keep sibling groups together. Each of the programs help to enhance the health and welfare benefits of the children served.

Program activities include:

Foster Care – Neighborhood foster homes are each staffed by nurturing, trained, licensed foster parents providing the care needed to support the children living in their home. SOS offers an array of services on campus to support the children and families served.

Dependency Case Management – Case managers provide services that include, but are not limited to, daily case management, preparing admissions and discharges, linking all services, advocacy, preparing and monitoring SOS service plans, participating in court hearings and team meetings, participating in rotation of 24-hour on-call response, crisis intervention, participating in biological family visitation, serving as liaison to community-based care providers and other service providers, facilitating/attending school meetings, maintaining case files, conducting home visits, and submitting required reports to collateral agencies involved with the children. Additionally, Case Managers are certified by the Florida Certification Board as Child Welfare Case Managers, working hand in hand with families to help achieve permanency.

Next Steps – Transitional Independent Living (TIL) Case Managers/Life Coaches offer case management services to young adults' ages 18+ who once lived at SOS or had some type of involvement with the Dependency/Child Welfare system and are now living independently within the community or in college. All young adults served in this program receive the support needed from the TIL Case Managers/Life Coaches to assist the young adults during their transition from SOS or in the community to independence, and with ongoing assistance in areas including counseling, emergency assistance, advocacy, and links to employment and housing amongst any other practical needs in order to strengthen self-sufficiency.

Independent Living – Life skills are provided in individual and group sessions, according to age groupings. Skills learned in the sessions are practiced in the SOS homes, a classroom setting or on a field trip. Services also include planning with youth toward employment, academic and vocational pursuits.

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 1 – Organization and Summary of Significant Accounting Policies (Continued)

Organization (Continued)

Program activities include (Continued):

Mental and Behavioral Health – SOS trains all staff and children on the behavioral system for the kids in the home. Upon placement, each child is trained on the reward/consequence system based on their own choice. Foster parents are trained to run the program in their home to ensure the continuity of care for all of our residents. Additionally, there are mental health counselors who provide individual, family and group therapy to the children.

Basis of Presentation

The financial statements were prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). SOS reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. See Note 8.

Cash, Cash Equivalents, and Restricted Cash

For the statements of cash flows, all unrestricted investment instruments with original maturities of three months or less are cash equivalents. As of December 31, 2021 and 2020, SOS had cash equivalents of \$8,440 and \$3,695, respectively.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 1 – Organization and Summary of Significant Accounting Policies (Continued)

Property and equipment

Property and equipment are recorded at cost or, if donated, at their estimated fair market value at the date of contribution. SOS capitalizes property and equipment over \$1,000 with a useful life greater than one year. Maintenance and repairs to property and equipment are charged to expensed when incurred. Depreciation expense is computed using the straight-line method over the estimated useful life of each class of depreciable asset, which are as follows:

	<u>Years</u>
Site development	15-25
Buildings and improvements	10-30
Furniture and fixtures	7-10
Machinery and equipment	5
Furniture held under capital lease	Lease term

Donated property and equipment are reported as net assets without donor restriction unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash restricted by the donor for the purchase of property and equipment are reported as net assets with donor restrictions. SOS reports expirations of donor restrictions when the asset is placed in service.

Management reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and expected disposition. When considering impaired, an impairment loss is recognized to the extent that carrying value exceeds the fair value of the assets. There were no indications of asset impairment during the years ended December 31, 2021 and 2020.

Investments

Investments are carried at fair value. Fair value is the price that would be received to sell an asset or paid to transfer an asset in an orderly transaction between market participants at the measurement date. Investment income consists of interest and dividend income on investments and any gains or losses realized and unrealized on the investments. Investment income is available for use in operations. Investment income is reported net of fees.

Beneficial Interest in Assets Held by Community Foundation

During 2002, SOS established a designated endowment fund that is perpetual in nature with the Community Foundation of Broward, Inc. (the Foundation) a Florida not for profit corporation. The Foundation is independent of SOS and maintains control over the assets within the requirements of the agreement. Variance power has been granted to the Foundation, which allows the Foundation to distribute the allowable funds to an organization of similar exempt purpose in the case of SOS's dissolution. The fund is held and invested by the foundation for SOS's benefit. See Note 11.

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 1 – Organization and Summary of Significant Accounting Policies (Continued)

Joint Costs of Fundraising

SOS utilizes various pamphlets, brochures and informational methods to inform the general public of their activities and to solicit funds. These costs are charged to fundraising.

Revenue Recognition

Contributions

Contributions, which include unconditional promises to give (pledges), are recognized in the period received or promised. Contributions received with donor stipulations that limit the use of the donated assets are recorded as net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor restricted contributions are initially reported as activities with donor restrictions, even if it is anticipated such restrictions will be met in the current reporting period.

Contributions Receivable

Unconditional contributions receivable expected to be received within one year and are recorded at their net realizable value. Unconditional contributions receivable due beyond one year are stated at net present value of the estimated cash flows using the risk-free interest rate at the time the pledges or contributions were made. As of December 31, 2021 and 2020, discount rate was 2.9% for each year. Amortization of the discounts is included in contribution revenue. As of December 31, 2021 and 2020, the unamortized discount was \$20,938 and \$0, respectively. The Organization deems all contributions receivable to be collectible and accordingly, does not have an allowance for doubtful accounts. As of December 31, 2021 and 2020, contributions receivable with donor restrictions was approximately \$964,062 and \$62,500, respectively.

Contributed Services and Materials

SOS receives contributions of noncash assets and services as donations (in-kind contributions). Contributed services are reported at their estimated fair value of those donated services when those services either (1) creates or enhances a nonfinancial asset, or (2) require specialized skills, are provided by entities or persons possessing those skills, and would need to be purchased if they were not donated. For the years ended December 31, 2021 and 2020, SOS did not receive contributed services.

Contributed materials and supplies are recorded at their estimated fair market value at the date of the contribution. For the years ended December 31, 2021 and 2020, SOS did not receive contributed materials and supplies.

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities. However, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by GAAP.

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 1 – Organization and Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Grants and Contracts

SOS receives federal awards and state financial assistance based on reimbursement contracts executed with a pass-through agency. Revenues from these contracts are recorded as the specific qualifying expenses under contract are incurred at which point the barrier of revenue recognition is overcome. SOS submits the qualifying expenses for reimbursement at the end of each month of service. SOS's annual reimbursement contracts with the State of Florida is customarily renewed every July 1st based on the State's fiscal year. The release of funds is subject to monies being made available by the federal government, State of Florida, Broward County and certain other granting agencies. Some of these agreements may be terminated by either party with thirty days written notice.

Program expenditures made by SOS are subject to additional audit by grantor agencies. As a result of such audits, the grantor may require that amounts be returned. In certain instances, the grantor may increase its grant of funds to SOS to offset amounts which would otherwise be repayable based on audits. As of December 31, 2021 and 2020, SOS had no amounts required to be returned as a result of such audits for each year.

On April 15, 2020 and January 29, 2021, SOS received loans through the Paycheck Protection Program (PPP) and guaranteed by the U.S. Small Business Administration (SBA) in the amounts of \$469,800 and \$498,282, respectively. Funds from the PPP loans may only be used for payroll and other eligible occupancy costs as outlined in the loan agreements. Loan principal and interest payments are deferred from the date of the first disbursement of the loans up to 10 months after the end of the borrower's loan forgiveness covered period, which is 24 weeks from the date of loan disbursements. SOS has elected to treat the loans as conditional grants on the accompanying statements of activities. The grants are recognized on a systematic basis over the period in which SOS recognizes corresponding eligible expenses for which the grants are intended to compensate. The grants are not required to be repaid if the funds are used to offset eligible expenses as determined by the SBA. As of December 31, 2021 and 2020, all amounts related to the grants were recognized as revenue, as all conditions were met. On February 25, 2021, the first loan was forgiven and on September 16, 2021, the second loan was forgiven.

Contract Receivables

Contract receivables consist primarily of uncollected reimbursements for allowable expenses under reimbursement contracts with governmental agencies. Management periodically reviews the contract and other receivables balances and provides an allowance for accounts which may be uncollectible. The amount is determined based upon historical experiences, economic conditions, and a review of subsequent collections. As of December 31, 2021 and 2020, management considers the contract receivables to be fully collectible and no allowance for doubtful accounts has been established.

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 1 – Organization and Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Deferred Revenue

Donations and grants received prior to the year to which they apply are not recognized as revenues until the year earned and are reported as deferred revenue in the accompanying statements of financial position. As of December 31, 2021 and 2020, SOS received and recorded \$0 and \$10,150, respectively, in deferred revenue.

Functional Expenses

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

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, salaries and wages, employee benefits, payroll taxes, professional services, office supplies and expense, information technology, insurance, and other expenses which are allocated on the basis of estimates of time and effort. Such estimates are determined by management.

Income Taxes

SOS has received a tax determination letter from the Internal Revenue Service (IRS) noting that it is exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). SOS files Form 990, *Return of Organization Exempt from Income Tax* annually.

Date of Management's Review

Management has evaluated subsequent events through July 29, 2022, which is the date the financial statements were available to be issued.

NOTE 2 – Related Party Transactions

SOS-USA was organized as a separate entity to operate as the coordinating body for all the principles of SOS-KDI. For the years ended December 31, 2021 and 2020, SOS received direct funding from SOS-USA totaling \$15,000 and \$14,383, respectively. In the event of SOS's dissolution, the assets of SOS will revert to SOS-USA.

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 3 – Contracts and Contributions Receivables

SOS anticipates collection of contracts and contributions receivable as follows:

	<u>2021</u>	<u>2020</u>
One year or less		
Without donor restrictions	\$ 355,364	\$ 396,469
Restricted to particular use	235,000	35,000
Restricted to passage of time	-	2,500
One to five years		
Restricted to particular use	-	25,000
Restricted to passage of time	<u>729,062</u>	<u>-</u>
Contracts and contributions receivable	<u>\$ 1,319,426</u>	<u>\$ 458,969</u>

NOTE 4 – Property and Equipment

The cost of property and equipment are as follows:

	<u>2021</u>	<u>2020</u>
Land and site development	\$ 1,115,927	\$ 1,125,833
Buildings and improvements	3,596,319	3,564,554
Furniture and fixtures	270,510	270,510
Machinery and equipment	147,557	144,077
Construction in progress	<u>38,913</u>	<u>3,800</u>
Total property and equipment	5,169,226	5,108,774
Less: Accumulated Depreciation	<u>4,294,745</u>	<u>4,158,994</u>
Property and Equipment, Net	<u>\$ 874,481</u>	<u>\$ 949,780</u>

Depreciation expense for the years ended December 31, 2021 and 2020 was \$150,157 and \$150,104, respectively.

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 5 – Leases

SOS leases office equipment under a non-cancelable operating lease with an expiration date of July 2023. SOS also leases vehicles under non-cancelable operating leases with expiration dates through May 2023.

<u>December 31,</u>	<u>Vehicles</u>	<u>Office Equipment</u>	<u>Total</u>
2022	\$ 8,198	\$ 3,782	\$ 11,980
2023	3,416	1,892	5,308
2024	-	-	-
2025	-	-	-
2026	-	-	-
Total	<u>\$ 11,614</u>	<u>\$ 5,674</u>	<u>\$ 17,288</u>

Total rent expense on operating leases for the years ended December 31, 2021 and 2020 amounted to \$4,645 and \$4,864, respectively, for office equipment and \$91,574 and \$85,724 for vehicles, respectively.

NOTE 6 – Investments and Fair Value Measurements

Accounting standards provide a framework for measuring fair value based on a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, as shown in the table below. Assets and liabilities are classified in their entirety on the lowest level of input that is significant to the fair value measurement.

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that SOS has the ability to access.
Level 2	Inputs to the valuation methodology include: <ul style="list-style-type: none"> • Quoted prices for similar assets or liabilities in active markets; • Quoted prices for identical or similar assets or liabilities in active markets; • Inputs other than quoted prices that are observable for the asset or liability; and • Inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Changes in valuation techniques may result in transfers in or out of an investment's assigned level within the hierarchy.

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 6 – Investments and Fair Value Measurements (Continued)

Asset Valuation Techniques

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets at fair value. There have been no changes in the methodologies used as of December 31, 2021 and 2020.

- *Preferred Stock*: Valued at the net asset value of the units reported on the active market on which the individual investments are traded.

The following tables set forth by level within the fair value hierarchy a summary of SOS's investments measured at fair value on a recurring basis as of December 31, 2021 and 2020:

Fair Value Measurements as of December 31, 2021

	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Preferred Stock	\$ -	\$ 750	\$ -	\$ 750
Total	\$ -	\$ 750	\$ -	\$ 750

Fair Value Measurements as of December 31, 2020

	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Preferred Stock	\$ -	\$ 750	\$ -	\$ 750
Total	\$ -	\$ 750	\$ -	\$ 750

SOS's policy is to recognize all transfers between levels at the beginning of the reporting period. For the years ended December 31, 2021 and 2020, there were no significant transfers in or out of Level 1, 2 or 3.

NOTE 7 – Line of Credit

SOS has a \$150,000 revolving line of credit with a bank, secured by equipment, general intangibles, and fixtures. Borrowings against the line of credit bear interest at the bank prime rate plus .5% or a minimum of 3.5% (3.75% and 5.25% as of December 31, 2021 and 2020, respectively). Principal and interest are due at maturity, on September 13, 2024. As of December 31, 2021 and 2020, there was no outstanding balance. For the years ended December 31, 2021 and 2020, total interest expense was \$0 and \$540, respectively.

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 8 – Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specific purpose:		
Next steps program	\$ 307,230	\$ 311,373
Disaster relief	25,233	25,233
Mental health	2,620	-
SOS-USA	7,440	-
Independent life skills	14,557	11,631
United Way - staff	4,929	-
Ridley field	13,215	13,215
Vehicle leases	-	10,000
Property renovation	65,735	102,000
Admin building expansion	526,087	-
Safe sun playground	20,000	-
Subject to passage of time:		
Kenny Page Foundation	-	2,500
Jim Moran Foundation	729,062	-
Total	<u>\$ 1,716,108</u>	<u>\$ 475,952</u>

Net assets were released from donor restrictions 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 December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Satisfaction of purpose restrictions:		
Next steps program	\$ 358,344	\$ 316,096
Mental health	12,380	-
SOS-USA	7,560	-
Independent life skills	22,073	16,407
Vehicle leases	10,000	10,000
Property renovation	36,265	-
Admin building expansion	38,913	-
Tutoring	20,000	-
Passage of time – Kenny Page Foundation	2,500	2,500
Total	<u>\$ 508,035</u>	<u>\$ 345,003</u>

NOTE 9 – Employee Benefit Plans

SOS has a 401(k) Retirement Plan which covers employees who meet certain age and years of service criteria. Employees contribute to the plan at their discretion and the employer matches at a discretionary pro-rata rate that is determined each year. For the years ended December 31, 2021 and 2020, employer contribution expenses were \$37,302 and \$28,344, respectively.

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 10 – Liquidity and Availability of Funds

SOS has \$3,016,450 and \$2,573,154 of financial assets available within one year of December 31, 2021 and 2020 to meet cash needs for general operating purposes, consisting of cash of \$2,661,086 and \$2,176,685 and receivables of \$355,364 and \$396,469, respectively. None of these amounts are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of December 31, 2021 and 2020.

SOS manages operating liquidity primarily through budgeted monthly cash inflows and outflows. Cash inflows can be reasonably predicted since they are comprised mostly of contract vouchers. Cash outflows are planned accordingly so as not to exceed those expected inflows. As part of SOS's liquidity management plan, cash that exceeds SOS's expected short-term requirements are invested in money market funds. SOS also secured PPP loans to maintain adequate cash balances for upcoming expenses.

NOTE 11 – Designated Endowment Fund

SOS previously entered into an agreement with the Foundation to create a designated fund to serve as an endowment on behalf of SOS. The funds are the property of the Foundation and it is the general policy of the Foundation to make distributions to SOS from the endowment at least once annually. For the years ended December 31, 2021 and 2020, SOS took a distribution of \$55,019 and \$53,563, respectively, from the Foundation. The ending asset value of the endowment as of December 31, 2021 and 2020, was approximately \$1,297,097 and \$1,194,731, respectively.

NOTE 12 – Current Vulnerability Due to Certain Concentrations

SOS is economically dependent upon the receipt of funds from the State of Florida for its programs. For the years ended December 31, 2021 and 2020, SOS received grants and other funding from the State of Florida Department of Children and Families totaling \$2,367,071 and \$2,824,284, respectively. A significant reduction in the level of this support would have an adverse effect on SOS's programs and activities and its ability to satisfy their financial and program obligations and commitments.

Grant revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of SOS. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

SOS maintains its cash balances with three financial institutions. The account balances at each of the financial institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of December 31, 2021 and 2020, the uninsured and uncollateralized cash balances exceeded the federally insured limit by \$2,665,578 and \$1,879,549, respectively. SOS has not experienced any loss in such accounts and believes it is not exposed to any significant credit risk on its cash balances.

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 12 – Current Vulnerability Due to Certain Concentrations (Continued)

COVID-19 Outbreak

In December 2019, a novel strain of coronavirus (COVID-19) was reported in China. The World Health Organization has declared the outbreak to constitute a “Public Health Emergency of International Concern.” Though operations have been largely unaffected, and grants have been received timely, the extent of the impact continues to depend on future developments. These potential future impacts include disruptions to human resources and decreased public support resulting from the postponement of live fundraising events. SOS has taken preventive measures by strictly adhering to and monitoring the Centers for Disease Control updated guidelines and regulations.

NOTE 13 – Subsequent Events

At varying dates in the subsequent period, the Organization entered into twelve vehicle leases for either forty-eight or thirty-six-month terms. The minimum future vehicle lease obligation over all of the lease terms is approximately \$250,000.

SUPPLEMENTARY INFORMATION

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Grantor/ Pass Through Agency/ Program Title	CFDA Number	Contract Agreement Number	Expenditures
Federal Awards			
U.S. Department of Health and Human Services			
Passed through Florida Department of Children and Families and Passed through ChildNet, Inc.			
Foster Care –Title IV-E	93.658	SOS20-21NFH	\$ 440,406
Foster Care –Title IV-E	93.658	SOS20-21RGC	279,256
Foster Care –Title IV-E	93.658	SOS20-21DCM	259,374
Total Foster Care –Title IV-E			979,036
Social Services Block Grant	93.667	SOS20-21NFH	155,017
COVID-19 CARES Act Social Services Block Grant	93.667	SOS20-21RGC	91,124
Social Services Block Grant	93.667	SOS20-21RGC	38,319
Total Social Services Block Grant			284,460
COVID-19 CARES Act Temporary Assistance for Needy Families	93.558	SOS20-21DCM	137,657
Temporary Assistance for Needy Families	93.558	SOS20-21DCM	125,466
Temporary Assistance for Needy Families	93.558	SOS20-21NFH	189
Total Temporary Assistance for Needy Families			263,312
Adoption Assistance	93.659	SOS20-21DCM	111,538
COVID-19 CARES Act Adoption Assistance	93.659	SOS20-21NFH	45,490
Adoption Assistance	93.659	SOS20-21NFH	9,553
Total Adoption Assistance			166,581
Stephanie Tubbs Jones Child Welfare Services Program	93.645	SOS20-21DCM	8,261
Promoting Safe and Stable Families	93.556	SOS20-21DCM	1,181
Total Federal Awards			\$ 1,702,831

See Independent Auditor's Report
and accompanying notes to Schedule of Expenditures of Federal Awards

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of SOS Children's Villages – Florida, Inc. for the year ended December 31, 2021. 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). Because the Schedule presents only a selected portion of the operations of SOS Children's Villages – Florida, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of SOS Children's Villages – Florida, Inc.

NOTE B – 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, wherein certain types of expenditures are not allowable or are limited as to reimbursement. SOS Children's Villages – Florida, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE C – CONTINGENCY

The grant and contract revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor/contract agencies becomes a liability of SOS Children's Villages – Florida, Inc. In the opinion of management, all grant and contract expenditures are in compliance with the terms of the agreement and applicable federal, state, and local laws and regulations.



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
SOS Children's Villages – Florida, Inc.

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 SOS Children's Villages – Florida, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 29, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered SOS Children's Villages – Florida, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 SOS Children's Villages – Florida, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of SOS Children's Villages – Florida, 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether SOS Children's Villages – Florida, 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Bellows Associates P.A.

Bellows Associates, PA
Coral Springs, Florida
July 29, 2022



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
SOS Children's Villages – Florida, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited SOS Children's Villages – Florida, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of SOS Children's Villages – Florida, Inc.'s major federal programs for the year ended December 31, 2021. SOS Children's Villages – Florida, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, SOS Children's Villages – Florida, 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 December 31, 2021.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of SOS Children's Villages – Florida, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of SOS Children's Villages – Florida, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on SOS Children's Villages – Florida, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about SOS Children's Villages – Florida, Inc.'s compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding SOS Children's Villages – Florida, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of SOS Children's Villages – Florida, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of SOS Children's Villages – Florida, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bellows Associates P. A.

Bellows Associates, PA
Coral Springs, Florida
July 29, 2022

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2021

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? _____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X No

Noncompliance material to the financial statements noted? _____ Yes X No

Federal Awards

Type of auditor's report issued on compliance for major programs: Unmodified

Internal control over major programs:

Material weaknesses identified? _____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X No

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

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

Auditee qualifies as low-risk auditee? X Yes _____ No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
<u>U.S. Department of Health and Human Services: Foster Care - Title IV-E</u>	<u>93.658</u>

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

No reportable findings.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No reportable findings or questioned costs.

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

A summary schedule of prior audit findings is not presented as there were no audit findings in the prior year to be reported on.