

MICAH'S PLACE, INC.

FINANCIAL REPORT

JUNE 30, 2021

MICAH'S PLACE, INC.

FINANCIAL REPORT JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Micah's Place, Inc.
Fernandina Beach, Florida

We have audited the accompanying financial statements of Micah's Place, Inc., (a non-profit organization) (the "Organization") which comprise the statement of financial position as of June 30, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Micah's Place, 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 Matters

Other 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Bradenton, Florida
November 3, 2021

MICAH'S PLACE, INC.

STATEMENT OF FINANCIAL POSITION JUNE 30, 2021

ASSETS	
Current assets	
Cash	\$ 622,883
Grants and accounts receivable	222,838
Donated goods inventory	15,000
Prepaid expenses	27,768
Investments	810,748
	<u>1,699,237</u>
Property and equipment, net	<u>1,325,925</u>
Other assets	
Deposits	5,620
	<u>5,620</u>
TOTAL ASSETS	<u><u>\$ 3,030,782</u></u>
LIABILITIES AND NET ASSETS	
Current liabilities	
Accounts payable and accrued expenses	\$ 2,364
Accrued payroll and benefits	22,082
Current maturities of notes payable	11,382
	<u>35,828</u>
Notes payable, less current maturities	<u>366,577</u>
NET ASSETS	
Without donor restrictions	
Undesignated	2,328,377
Designated by the Board for an operating reserve	300,000
	<u>2,628,377</u>
TOTAL NET ASSETS	<u>2,628,377</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,030,782</u></u>

See Notes to Financial Statements.

MICAH'S PLACE, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

Revenues, gains and support without donor restrictions	
Government contracts and grants	\$ 1,112,958
Contributions	492,636
In-kind contributions	47,501
Thrift store sales	391,463
Special event income	849
Investment income	94,739
Other	3,702
Total revenue, gains and support without donor restrictions	<u>2,143,848</u>
Program expenses	
Shelter	1,110,825
Thrift store	321,152
Total program expenses	<u>1,431,977</u>
Supporting services	
Management and general	117,261
Fundraising	919
Total supporting services	<u>118,180</u>
Total functional expenses	<u>1,550,157</u>
Increase in net assets	<u>593,691</u>
Net assets, beginning of year	<u>2,034,686</u>
Net assets, end of year	<u>\$ 2,628,377</u>

See Notes to Financial Statements.

MICAH'S PLACE, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services			Supporting Services			Total Expenses
	Emergency Safe Shelter	Thrift Store	Total	Management and General	Fund Raising	Total	
Salaries and wages	\$ 719,065	\$ 115,495	\$ 834,560	\$ 81,785	\$ -	\$ 81,785	\$ 916,345
Salaries and wages	58,563	9,818	68,381	2,868	-	2,868	71,249
Payroll taxes	70,522	4,618	75,140	1,071	-	1,071	76,211
Employee benefits	848,150	129,931	978,081	85,724	-	85,724	1,063,805
Total salaries and wages							
General	(1,530)	100	(1,430)	(257)	-	(257)	(1,687)
Dues and subscriptions	-	7,808	7,808	382	622	1,004	8,812
Merchant fees and other donor expenses	23,376	2,790	26,166	3,082	-	3,082	29,248
Insurance	-	-	-	301	98	399	399
Advertising	26,092	4,764	30,856	2,554	199	2,753	33,609
Office expenses	37,628	5,846	43,474	862	-	862	44,336
Maintenance	52,957	35	52,992	76	-	76	53,068
Shelter operating costs	23,231	3,106	26,337	11,749	-	11,749	38,086
Contracted services	14,135	73,114	87,249	-	-	-	87,249
Rent	10,763	-	10,763	50	-	50	10,813
Equipment	9,332	-	9,332	2,266	-	2,266	11,598
Interest	-	-	-	-	-	-	23,824
Sales tax	-	23,824	23,824	-	-	-	23,824
Telephone	8,754	2,743	11,497	2,410	-	2,410	13,907
Travel	1,959	8,302	10,261	-	-	-	10,261
Utilities	17,775	11,288	29,063	397	-	397	29,460
Other	-	47,501	47,501	-	-	-	47,501
Total general	224,472	191,221	415,693	23,872	919	24,791	440,484
Total expenses before depreciation	1,072,622	321,152	1,393,774	109,596	919	110,515	1,504,289
Depreciation	38,203	-	38,203	7,665	-	7,665	45,868
Total expenses	\$ 1,110,825	\$ 321,152	\$ 1,431,977	\$ 117,261	\$ 919	\$ 118,180	\$ 1,550,157

See Notes to Financial Statements.

MICAH'S PLACE, INC.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 593,691
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	45,868
Realized and unrealized (gain) on investments	(86,078)
Forgiveness of PPP loan	(209,000)
(Increase) in operating assets	
Grants and accounts receivable	(74,057)
Prepaid expenses	(15,112)
Increase (decrease) in operating liabilities	
Accrued payroll and benefits	(2,574)
Accounts payable and accrued expenses	764
Net cash provided by operating activities	<u>253,502</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	(44,531)
Proceeds from the sale of investments	52,505
Purchase of investments	(295,146)
Net cash (used in) investing activities	<u>(287,172)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on long-term debt	(10,887)
Net cash (used in) financing activities	<u>(10,887)</u>

Net decrease in cash (44,557)

Cash, beginning of year 667,440

Cash, end of year \$ 622,883

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash payments for interest	<u><u>\$ 11,598</u></u>
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See Notes to Financial Statements.

MICAH'S PLACE, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Micah's Place, Inc. (the "Organization") was organized in 2000 as a non-profit corporation under the laws of the State of Florida. The Organization serves the residents of Nassau County by providing shelter, advocacy, a 24-hour hotline, counseling and case management services to both adults and children who are victims of domestic violence. Funding sources include federal, state and local government agencies, as well as local organizations.

Significant accounting policies are as follows:

Basis of Accounting

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

The accompanying financial statements have been prepared in conformity with the disclosure and display requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Accordingly, net assets are reported in each of the following two classes: (1) net assets without donor restrictions, and (2) net assets with donor restrictions.

Net assets with donor restrictions are created only by donor-imposed stipulations. Some donor-imposed stipulations are temporary in nature, such as those that will be met either by actions of the Organization and/or the passage of time. Other donor-imposed stipulations are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

All other net assets, including Board-designated or appropriated amounts, are not subject to donor-imposed stipulations and are reported as part of net assets without donor restrictions.

Cash and Cash Equivalents

The Organization considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

The Organization maintains its cash in bank accounts which, at times, may exceed federally insured limits. As of June 30, 2021, there was \$279,504 in deposits in excess of these limits.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Contributions and Revenue Recognition

Contributions received are recorded as net assets without or with donor restrictions depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a time and purpose restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Revenue from grants are recognized in accordance with the grant agreement. Revenue from special events is recognized when the event takes place. Revenue from thrift store sales is recognized at the time of sale.

Inventories

The Purple Dove is a thrift store in which clothing, housewares and other personal items are donated by the public by for the benefit of survivors of domestic violence. What is not given away is resold for the benefit of the Organization. The items donated and currently on hand are recorded at fair market value and presented in the statements of financial position as inventory. Fair market value is based on the final price of the inventory item.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the fair market value at the date of donation. The Organization has a capitalization policy of \$2,500. The Organization currently capitalizes purchases over the capitalization policy and depreciation is computed using the straight-line method over the estimated useful lives of the assets.

The estimated useful lives are as follows:

	<u>Years</u>
Buildings and improvements	5-40
Vehicles	5
Furniture, fixtures and equipment	5-10

Maintenance and repairs of property and equipment are charged to operations and major improvements are capitalized.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Functional Allocation of Expenses

The costs of providing various programs and other support services have been summarized on a functional basis in the statement of activities. Most costs are allocated between supporting services, or the appropriate program based on evaluations of the time and effort. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Organization.

Contributed Services

Contributed services are recognized as contributions in accordance with FASB ASC 958-605 and subsections, if the services: (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Many volunteers donate significant amounts of time to the Organization in furthering its programs and objectives. These services are not recognized as contributions in the financial statements because recognition criteria under FASB ASC 958-065 and subsections were not met. It is impracticable to determine the fair market value of all donated services by volunteers beyond those required to be recognized as income.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Income Taxes

The Organization qualifies as a charitable organization as defined by Internal Revenue Code Section 501(c)(3) and, accordingly is exempt from federal income taxes under Internal Revenue Code Section 501(a).

It is the Organization's policy to account for any uncertainties in income tax law in accordance with FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. ASC 740-10 clarifies the accounting for uncertain income tax positions and requires that the Organization recognize the impact of such a tax position in its financial statements if, upon ultimate settlement, that position is more-likely-than-not to be sustained. Management has evaluated the Organization's tax positions and concluded that the Organization has maintained its tax-exempt status and has taken no uncertain tax positions that require adjustment to the financial statements. As a result, no provision or liability for income taxes has been included in the financial statements. The Organization files a 990 Return of Organization Exempt from Income Tax.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments held by The Community Foundation of Northeast Florida

The Organization has a designated endowment fund at The Community Foundation of Northeast Florida and therefore these funds are owned by The Community Foundation of Northeast Florida. The balance in the designated endowment fund at June 30, 2021 was \$497,790.

Board-Designated Net Assets

Board-designated net assets at June 30, 2021 consist of an operating reserve in the amount of \$300,000.

Subsequent Events

The Organization has evaluated subsequent events through November 3, 2021, the date which the financial statements were available to be issued.

NOTE 2. PRIOR PERIOD ADJUSTMENT

The Organization's net assets as of the beginning of the year have been adjusted to decrease net assets with donor restrictions and increase net assets without donor restrictions in the amount of \$311,911 to properly account for the release of the time and use restriction on the Organization's shelter building. In 2004, the Organization obtained a grant to assist with the purchase of the shelter building and the grant agreement contained a 15 year restriction on the use of the building solely for a shelter for victims of domestic violence. The time and use restriction was fully released as of June 30, 2019.

	Net Assets Without Donor Restrictions	Net Assets Without Donor Restrictions	Total
June 30, 2020 as previously stated	\$ 1,722,775	\$ 311,911	\$ 2,034,686
Prior period adjustment	311,911	(311,911)	-
June 30, 2020 as restated	<u>\$ 2,034,686</u>	<u>\$ -</u>	<u>\$ 2,034,686</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3. LIQUIDITY AND AVAILABILITY

The Organization's working capital and cash flows have variations during the year attributable to the timing of contributions and grants. The Organization manages liquidity during the year by utilizing the following strategies: operating with a balanced budget which assumes collection of sufficient revenue via contributions and grants to cover expenditures not covered by donor-restricted resources, regular analysis of actual operating results versus budget and the establishment of an operating reserve account.

The following table reflects the Organization's financial assets as of June 30, 2021, which could be made available within 12 months to meet operating expenditures:

Financial assets available to meet operating expenditures over the next 12 months		
Cash and equivalents	\$	622,883
Grants and accounts receivable		222,838
Investments		810,748
Less Board-designated net assets		<u>(300,000)</u>
Financial assets available to meet operating expenditures	\$	<u>1,356,469</u>

NOTE 4. INVESTMENTS

Investments at June 30, 2021 consist of the following:

	<u>Cost</u>	<u>Market</u>	<u>Accumulated Unrealized Gain</u>
Money market	\$ 14,348	\$ 14,348	\$ -
Treasury obligations	218,231	218,231	-
Mutual funds	<u>455,665</u>	<u>578,169</u>	<u>122,504</u>
	<u>\$ 688,244</u>	<u>\$ 810,748</u>	<u>\$ 122,504</u>

Investment income for the year ended June 30, 2021 consists of the following:

Interest and dividends	\$ 18,963
Realized and unrealized gains	83,615
Investment fees	<u>(7,839)</u>
	<u>\$ 94,739</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2021:

Land	\$	266,509
Building and improvements		1,320,618
Furniture and equipment		160,159
Vehicles		101,983
		<u>1,849,269</u>
Less accumulated depreciation		<u>(523,344)</u>
	<u>\$</u>	<u>1,325,925</u>

Depreciation expense was \$45,868 for the year ended June 30, 2021.

NOTE 6. FAIR VALUE MEASUREMENTS

The Organization adopted the *Fair Value Measurements and Disclosures Topic* of the FASB Accounting Standards Codification which provides enhanced guidance for using fair value to measure assets and liabilities and clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the assets or liabilities and establishes a hierarchy that prioritizes the information used to develop those assumptions.

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1 Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2 Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.
- Level 3 Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The level within the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6. FAIR VALUE MEASUREMENTS (CONTINUED)

Following is a description of the valuation methodologies used in estimating the fair value of its Level 1, Level 2 and Level 3 financial instruments:

Investments: The fair value of investments in certain money market funds, treasury obligations and mutual funds are based on quoted prices in principal active markets for identical assets as of the valuation date (Level 1).

The following table presents the Organization's financial instruments measured at fair value on a recurring basis at June 30, 2021:

	Level 1	Level 2	Level 3	Total
Cash	\$ 14,348	\$ -	\$ -	\$ 14,348
Treasury obligations	218,231	-	-	218,231
Mutual funds	578,169	-	-	578,169
	<u>\$ 810,748</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 810,748</u>

NOTE 7. NOTES PAYABLE

During 2020, the Organization was issued a note payable with a financial institution for \$396,000. The note is collateralized by the real property and is repayable in 179 monthly payments of \$1,874 including interest at a rate of 2.98% with a final balloon payment of the remaining principal and interest due in October 2034. The balance on the note payable at June 30, 2021 was \$377,959.

Aggregate maturities on the long-term debt at June 30, 2021 are as follows:

2022	\$ 11,382
2023	11,726
2024	12,080
2025	12,445
2026	12,821
Later	317,505
	<u>\$ 377,959</u>

In April of 2020, the Organization received \$209,000 in funding through the Small Business Administration (SBA) Payroll Protection Program. During the year ended June 30, 2021 the loan was forgiven by SBA and is recognized with contributions in the accompanying statement of activities.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8. LEASES

The Organization leases the land where its shelter is located from Nassau County, Florida. The initial term of the lease is for 99 years, beginning April 2022 and ending April 2101 with an annual rental payment of \$1. The lease may be extended by mutual consent of both parties. The Organization is required to use the property for a shelter to help domestic violence victims by providing safe shelter and support services.

The Organization leases retail space for its thrift stores in Fernandina and Callahan. The Fernandina lease began on June 1, 2019 and expires June 30, 2024. The initial lease payment was \$4,083 and increases 3% annually. The Callahan lease began on December 1, 2018 and expires November 30, 2023. The initial lease payment was \$1,587 and increases 3% annually.

Rent expense was \$87,249 for the year ended June 30, 2021.

The following is a schedule by years of future minimum lease payments required under the leases:

2022	\$	72,669
2023		74,849
2024		64,079
	\$	<u>211,597</u>

NOTE 9. COMMITMENTS AND CONTINGENCIES

During March 2020, the World Health Organization declared the Coronavirus outbreak a global pandemic. Actions taken around the world to help mitigate the spread of the Coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The Coronavirus and actions taken to mitigate it have had, and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Organization, to date, the Organization has not seen a decrease in revenue. As the economy continues to open throughout its geographic region, management anticipates revenue to remain at or above current levels.

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, adversely impacted in the near-term as a result of these conditions, including collectability of receivables. The ultimate impact of the pandemic on the Organization's results of operations, financial position, and liquidity or capital resources cannot be reasonably estimated at this time.

SUPPLEMENTARY INFORMATION

MICAH'S PLACE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures
U.S. Department of Health and Human Services		
Passed through Florida Department of Children and Families to Florida Coalition Against Domestic Violence		
Temporary Assistance for Needy Families - LN084-DVS	93.558	\$ 103,217
Family Violence Prevention and Services - LN084-DVS	93.671	42,136
Family Violence Prevention and Services - LN084-DVS - CARES ACT	93.671	34,509
Total Family Violence Prevention and Services		76,645
Total U.S. Department of Health and Human Services		179,862
U.S. Department of Justice		
Passed through Office of the Attorney General		
Victims of Crime Act - VOCA 2019-00202	16.575	185,038
Victims of Crime Act - VOCA 2020-00653	16.575	460,156
Total U.S. Department of Justice		645,194
U.S. Department of Housing and Urban Development		
Passed through Changing Homelessness, Inc.		
Emergency Solutions Grant - DP002-MP	14.231	37,525
Emergency Solutions Grant - DP002-MP - CARES ACT	14.231	6,909
Total U.S. Department of Housing and Urban Development		44,434
Total Expenditures of Federal Awards		\$ 869,490

MICAH'S PLACE, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes federal award activity of the Organization under programs of the federal government for the year ended June 30, 2021. The information in the 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 the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) 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.
- (2) The Organization has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.
- (3) The Organization did not pass any federal funds through to subrecipients.



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

Board of Directors
Micah's Place, Inc.
Fernandina Beach, Florida

Report on Compliance for the Major Federal Program

We have audited Micah's Place, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2021. The Organization's major federal program is 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 the Organization'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 the Organization'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 the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on the Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Organization 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 the Organization'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 the Organization'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.

Mauldin & Jenkins, LLC

Bradenton, Florida
November 3, 2021



**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**

**Board of Directors
Micah's Place, Inc.
Fernandina Beach, Florida**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Micah's Place, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 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 November 3, 2021.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

The Organization's Response to the Finding

The Organization's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Mauldin & Jenkins, LLC

Bradenton, Florida
November 3, 2021

MICAH'S PLACE, INC.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

Section II – Financial Statement Findings

No matters reported since the year ended June 30, 2021, the first year the Organization was required to have an audit under the Uniform Guidance.

Section III – Federal Award Findings and Questioned Costs

No matters reported since the year ended June 30, 2021, the first year the Organization. was required to have an audit under the Uniform Guidance.

MICAH'S PLACE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted?

yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?

yes no

Identification of major programs:

CFDA Number

16.575

Name of Federal Program or Cluster

Crime Victim Assistance

Dollar threshold used to distinguish between Type A and Type B programs

\$750,000

Auditee qualified as low-risk auditee?

yes no

MICAH'S PLACE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Section II – Financial Statement Findings

Finding 2021-001: Net Assets

Condition: During our testing of net asset restrictions, we noted that net assets with donor restrictions had not been released for the satisfaction of the time and use restriction on the Organization's shelter building in the amount of \$311,911.

Criteria: Internal controls should be in place to track releases from restrictions on net assets.

Cause: Oversight by management caused releases from restrictions on net assets to not be properly recorded.

Effect: Net assets with donor restrictions was overstated by \$311,911 and net assets without donor restrictions was understated by \$311,911.

Recommendation: Management should implement a process to track releases from restrictions on net assets.

Views of Responsible Officials and Planned Corrective Action: Management agrees with the finding and will implement a process to track releases from restrictions on net assets.

Section III – Federal Award Findings and Questioned Costs

No matters reported.