

**MICAH'S PLACE, INC.**

**FINANCIAL REPORT**

**JUNE 30, 2022**

MICAH'S PLACE, INC.

FINANCIAL REPORT  
JUNE 30, 2022

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

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, 2022, and the related statements of activities, functional expenses and cash flows for the year 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 Micah's Place, Inc. as of June 30, 2022, 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.

#### ***Basis for Opinion***

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. 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 the Organization 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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### ***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 the Organization'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 the Organization'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.

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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2022 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 22, 2022

MICAH'S PLACE, INC.

STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2022

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<b>ASSETS</b>	
<b>Current assets</b>	
Cash	\$ 914,887
Grants and accounts receivable	138,116
Donated goods inventory	15,000
Prepaid expenses	42,326
Investments	748,097
	<u>1,858,426</u>
<b>Property and equipment, net</b>	<u>1,307,663</u>
<b>Other assets</b>	
Deposits	5,620
	<u>5,620</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,171,709</u></u>
<b>LIABILITIES AND NET ASSETS</b>	
<b>Current liabilities</b>	
Accounts payable and accrued expenses	\$ 17,254
Accrued payroll and benefits	47,061
Current maturities of notes payable	11,726
	<u>76,041</u>
<b>Notes payable, less current maturities</b>	<u>355,197</u>
<b>NET ASSETS</b>	
Without donor restrictions	
Undesignated	2,440,471
Designated by the Board for an operating reserve	300,000
	<u>2,740,471</u>
<b>TOTAL NET ASSETS</b>	<u>2,740,471</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 3,171,709</u></u>

See Notes to Financial Statements.

MICAH'S PLACE, INC.

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

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<b>Revenues, gains and support without donor restrictions</b>	
Government contracts and grants	\$ 1,185,038
Contributions	331,914
In-kind contributions	13,516
Thrift store sales	451,769
Special event income	1,595
Investment loss	(62,555)
Other	132
<b>Total revenue, gains and support without donor restrictions</b>	<u>1,921,409</u>
<b>Program expenses</b>	
Emergency safe shelter	1,288,398
Thrift store	351,373
Total program expenses	<u>1,639,771</u>
<b>Supporting services</b>	
Management and general	167,681
Fundraising	1,863
Total supporting services	<u>169,544</u>
Total functional expenses	<u>1,809,315</u>
Increase in net assets	<u>112,094</u>
Net assets, beginning of year	<u>2,628,377</u>
Net assets, end of year	<u>\$ 2,740,471</u>

See Notes to Financial Statements.

MICAH'S PLACE, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services			Management and		Supporting Services		Total Expenses
	Emergency Safe Shelter	Thrift Store	Total	General	Fund Raising	Total		
<b>Salaries and wages</b>								
Salaries and wages	\$ 823,866	\$ 157,573	\$ 981,439	\$ 101,354	\$ -	\$ 101,354	\$ 1,082,793	
Payroll taxes	64,817	12,713	77,530	4,370	-	4,370	81,900	
Employee benefits	74,468	9,765	84,233	(1,924)	-	(1,924)	82,309	
Total salaries and wages	963,151	180,051	1,143,202	103,800	-	103,800	1,247,002	
<b>General</b>								
Dues and subscriptions	2,027	-	2,027	2,653	-	2,653	4,680	
Merchant fees and other donor expenses	10,842	-	10,842	-	208	208	11,050	
Insurance	30,766	4,592	35,358	5,881	-	5,881	41,239	
Advertising	62	269	331	1,659	-	1,659	1,990	
Office expenses	42,586	415	43,001	8,269	625	8,894	51,895	
Maintenance	56,295	6,970	63,265	2,365	-	2,365	65,630	
Shelter operating costs	64,016	-	64,016	85	-	85	64,101	
Contracted services	12,403	15,301	27,704	30,373	1,030	31,403	59,107	
Rent	8,480	82,827	91,307	-	-	-	91,307	
Equipment	6,597	-	6,597	-	-	-	6,597	
Interest	9,159	-	9,159	2,290	-	2,290	11,449	
Sales tax	-	27,318	27,318	-	-	-	27,318	
Telephone	7,705	6,147	13,852	1,238	-	1,238	15,090	
Travel	4,355	-	4,355	420	-	420	4,775	
Utilities	15,788	17,718	33,506	983	-	983	34,489	
Other	3,751	9,765	13,516	-	-	-	13,516	
Total general	274,832	171,322	446,154	56,216	1,863	58,079	504,233	
Total expenses before depreciation	1,237,983	351,373	1,589,356	160,016	1,863	161,879	1,751,235	
Depreciation	50,415	-	50,415	7,665	-	7,665	58,080	
Total expenses	\$ 1,288,398	\$ 351,373	\$ 1,639,771	\$ 167,681	\$ 1,863	\$ 169,544	\$ 1,809,315	

See Notes to Financial Statements.



MICAH'S PLACE, INC.

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2022

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Increase in net assets	\$	112,094
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation		58,080
Realized and unrealized loss on investments		74,585
(Increase) decrease in operating assets		
Grants and accounts receivable		84,722
Prepaid expenses		(14,558)
Increase in operating liabilities		
Accrued payroll and benefits		24,979
Accounts payable and accrued expenses		14,890
Net cash provided by operating activities		<u>354,792</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of property and equipment		(39,818)
Proceeds from the sale of investments		44,276
Purchase of investments		(56,210)
Net cash (used in) investing activities		<u>(51,752)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Payments on long-term debt		(11,036)
Net cash (used in) financing activities		<u>(11,036)</u>

Net increase in cash 292,004

Cash, beginning of year 622,883

Cash, end of year \$ 914,887

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

Cash payments for interest \$ 11,449

See Notes to Financial Statements.

# MICAH'S PLACE, INC.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

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### 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, 2022, there was \$471,276 in deposits in excess of these limits.

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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**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, 2022**

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**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, 2022**

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**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, 2022 was \$415,238.

**Board Designated Net Assets**

Board designated net assets at June 30, 2022 consist of an operating reserve in the amount of \$300,000.

**Subsequent Events**

The Organization has evaluated subsequent events through November 22, 2022 the date which the financial statements were available to be issued.

**NOTE 2. 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, 2022 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	\$ 914,887
Grants and accounts receivable	138,116
Investments	748,097
Less Board designated net assets	(300,000)
Financial assets available to meet operating expenditures	<u>\$ 1,501,100</u>

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 3. INVESTMENTS**

Investments at June 30, 2022 consist of the following:

	<b>Cost</b>	<b>Market</b>	<b>Accumulated Unrealized Gain</b>
Money market	\$ 8,096	\$ 8,096	\$ -
Treasury obligations	243,682	243,682	-
Mutual funds	470,066	496,319	26,253
	<u>\$ 721,844</u>	<u>\$ 748,097</u>	<u>\$ 26,253</u>

Investment loss for the year ended June 30, 2022 consists of the following:

Interest and dividends	\$ 20,495
Realized and unrealized losses	(74,585)
Investment fees	(8,465)
	<u>\$ (62,555)</u>

**NOTE 4. PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at June 30, 2022:

Land	\$ 266,509
Building and improvements	1,347,461
Furniture and equipment	173,134
Vehicles	101,983
	<u>1,889,087</u>
Less accumulated depreciation	<u>(581,424)</u>
	<u>\$ 1,307,663</u>

Depreciation expense was \$58,080 for the year ended June 30, 2022.

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 5. 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.

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, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash	\$ 8,096	\$ -	\$ -	\$ 8,096
Treasury obligations	243,682	-	-	243,682
Mutual funds	496,319	-	-	496,319
	<u>\$ 748,097</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 748,097</u>

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 6. 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, 2022 was \$366,923.

Aggregate maturities on the long-term debt at June 30, 2022 are as follows:

2023	\$	11,726
2024		12,080
2025		12,445
2026		12,821
2027		13,209
Later		304,642
	\$	<u>366,923</u>

**NOTE 7. 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 \$91,307 for the year ended June 30, 2022.

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

2023	\$	74,848
2024		64,079
	\$	<u>138,927</u>



**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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**NOTE 8.      RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS**

In September 2020, FASB issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to increase transparency of contributed nonfinancial assets through enhancements to presentation and disclose. For the year ending June 30, 2022, the Organization adopted ASU 2020-07 and has adjusted the presentation in these financial statements accordingly.

The Organization recorded \$13,516 of non-cash donations for items in the thrift store that were given to customers.

## **SUPPLEMENTARY INFORMATION**

MICAH'S PLACE, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

<u>Federal Grantor/Pass Through Grantor/Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Health and Human Services</b>		
Passed through Florida Department of Children and Families to Florida Coalition Against Domestic Violence		
Temporary Assistance for Needy Families - LN144	93.558	\$ 145,353
Family Violence Prevention and Services - COVID-19	93.671	<u>8,884</u>
Total U.S. Department of Health and Human Services		<u>154,237</u>
<b>U.S. Department of Justice</b>		
Passed through Office of the Attorney General		
Victims of Crime Act - VOCA 2020-00653	16.575	192,881
Victims of Crime Act - VOCA 2021-00649	16.575	<u>481,736</u>
Total U.S. Department of Justice		<u>674,617</u>
<b>U.S. Department of Housing and Urban Development</b>		
Passed through Changing Homelessness, Inc.		
Emergency Solutions Grant - DP002-MP	14.231	<u>37,525</u>
<b>Total Expenditures of Federal Awards</b>		<u>\$ 866,379</u>

**MICAH'S PLACE, INC.**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

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**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, 2022. 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 Micah's Place, Inc., 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**

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

**Report on Compliance for Each Major Program**

***Opinion on The Major Federal Program***

We have audited Micah's Place, Inc.'s (the "Organization") 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 the Organization's major federal program for the year ended June 30, 2022. 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.

In our opinion, Micah's Place, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2022.

***Basis for Opinion on the 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 the Organization 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 the major federal program. Our audit does not provide a legal determination of the Organization'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 the Organization's federal programs.

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### ***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 the Organization'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 the Organization'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 the Organization'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 the Organization'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 the Organization'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.

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## 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.

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
November 22, 2022



**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**

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**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, 2022, 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 22, 2022.

**Report on 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. 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.



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**Report on 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*.

**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.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Bradenton, Florida  
November 22, 2022

MICAH'S PLACE, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2022

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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.

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

**Current Status:** Management has implemented a process to track releases from restrictions on net assets.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings requiring disclosure in the June 30, 2021 financial statements.

MICAH'S PLACE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022

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Section I – Summary of Auditor's Results

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: 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 report the auditor 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**

Assistance listing number: 16.575  
Name of federal program or cluster: Victims of Crime Act (VOCA)  
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, 2022

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**Section II – Financial Statement Findings**

No matters reported.

**Section III – Federal Award Findings and Questioned Costs**

No matters reported.