Embrace Families
Community Based Care, Inc.

Financial and Compliance Report
June 30, 2021

Contents

RSM US LLP

Independent Auditor's Report

Board of Directors
Embrace Families Community Based Care, Inc.

Report on the Financial Statements
We have audited the accompanying financial statements of Embrace Families Community Based Care, Inc., which comprise the statements of financial position as of June 30, 2021 and 2020, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Embrace Families Community Based Care, Inc., as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters – Supplementary Information
Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State of Florida Chapter 10.650, *Rules of the Auditor General*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2022, on our consideration of Embrace Families Community Based Care, Inc.'s internal control over financial reporting and 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 Embrace Families Community Based Care, 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 Embrace Families Community Based Care, Inc.'s internal control over financial reporting and compliance.

RSM US LLP

Orlando, Florida
February 18, 2022

Embrace Families Community Based Care, Inc.

Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
Assets		
Current assets:		
Cash	**$ 31,202**	$ 2,107,617
Restricted cash held for master trust	**303,939**	222,371
Accounts receivable	**7,295,336**	3,562,402
Prepaid expenses and other assets	**243,761**	339,925
Total current assets	**7,874,238**	6,232,315
Investment in limited liability company	**224,775**	188,658
Property and equipment, net	**347,400**	361,003
Total assets	**$ 8,446,413**	$ 6,781,976
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	**$ 5,674,275**	$ 6,053,345
Deferred revenues	**26,891**	5,756
Due to Embrace Families, Inc.	**1,526,206**	953,211
Assets held for master trust	**303,939**	222,371
Notes payable – related party	**1,220,000**	220,000
Total current liabilities	**8,751,311**	7,454,683
Custodial assets held for others	**339,586**	348,648
Note payable	**1,028,572**	1,028,572
Total liabilities	**10,119,469**	8,831,903
Commitments and contingencies (Notes 5, 6, 9 and 11)		
Net assets without donor restrictions	**(1,673,056)**	(2,049,927)
Total liabilities and net assets	**$ 8,446,413**	$ 6,781,976

See notes to financial statements.

Embrace Families Community Based Care, Inc.

Statements of Activities
Years Ended June 30, 2021 and 2020

	2021	2020
Revenues:		
Grants and contracts	$ 85,765,725	$ 80,256,684
Contributions and other income	621,901	950,562
Total revenues	86,387,626	81,207,246
Expenses:		
Program services:		
Foster care	11,772,701	9,967,898
Adoptions	23,044,705	21,365,897
Residential	12,642,450	11,281,700
Independent living	9,536,039	9,133,750
System of care	11,770,871	12,747,935
Financial assistance	11,877,610	13,868,501
Other program services	3,262,673	3,227,262
Total program services	83,907,049	81,592,943
Supporting services:		
General and administrative	2,103,706	1,791,209
Total supporting services	2,103,706	1,791,209
Total expenses	86,010,755	83,384,152
Change in net assets	376,871	(2,176,906)
Net assets without donor restrictions:		
Beginning	(2,049,927)	126,979
Ending	$ (1,673,056)	$ (2,049,927)

See notes to financial statements.

Embrace Families Community Based Care, Inc.

Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services								Supporting Services	
	Foster Care	Adoptions	Residential	Independent Living	System of Care	Financial Assistance	Other Program Services	Total Program Services	General and Administrative	Total Expenses
Salaries	$ 883,438	$ 1,057,610	$ 883,438	$ 1,439,926	$ 883,438	$ 883,438	$ 553,579	$ 6,584,867	$ 278,981	$ 6,863,848
Payroll taxes and employee benefits	228,567	274,843	228,567	364,131	228,567	228,567	177,810	1,731,052	72,179	1,803,231
Total salaries and related benefits	1,112,005	1,332,453	1,112,005	1,804,057	1,112,005	1,112,005	731,389	8,315,919	351,160	8,667,079
Purchased services contracts	4,345,024	5,796,532	4,345,024	4,735,508	4,345,024	4,345,024	949,708	28,861,844	1,372,113	30,233,957
Adoption	-	14,666,273	-	-	-	-	-	14,666,273	-	14,666,273
Out of home	5,110,972	-	5,980,714	-	3,987,143	-	60	15,078,889	-	15,078,889
Professional fees	689,104	631,629	689,104	534,591	689,104	689,104	1,285,785	5,208,421	217,612	5,426,033
Financial assistance	65,972	79,051	65,972	107,030	65,972	5,281,846	-	5,665,843	20,833	5,686,676
Occupancy	313,053	375,113	313,053	507,879	313,053	313,053	205,901	2,341,105	98,859	2,439,964
Independent living	-	-	-	1,625,397	-	-	-	1,625,397	-	1,625,397
Client screening and certifications	-	-	-	-	1,121,992	-	-	1,121,992	-	1,121,992
Supplies	11,472	13,755	11,479	18,623	11,479	11,478	7,549	85,835	3,625	89,460
Communication	31,799	38,103	31,799	51,589	31,799	31,799	20,915	237,803	10,042	247,845
Advertising and marketing	17,354	20,794	17,354	28,154	17,354	17,354	11,414	129,778	5,480	135,258
Equipment rental and maintenance	12,683	15,198	12,683	20,577	12,683	12,683	8,342	94,849	4,005	98,854
Conferences, travel and training	5,661	6,783	5,661	9,184	5,661	5,661	3,723	42,334	1,788	44,122
Fees, bad debts and other	47,821	57,300	47,821	77,581	47,821	47,821	31,453	357,618	15,101	372,719
Depreciation	270	324	270	439	270	271	178	2,022	85	2,107
Memberships	4,579	5,487	4,579	7,429	4,579	4,579	3,012	34,244	1,446	35,690
Postage and shipping	2,822	3,382	2,822	4,579	2,822	2,822	1,856	21,105	891	21,996
Insurance	2,110	2,528	2,110	3,422	2,110	2,110	1,388	15,778	666	16,444
Total expenses	$ 11,772,701	$ 23,044,705	$ 12,642,450	$ 9,536,039	$ 11,770,871	$ 11,877,610	$ 3,262,673	$ 83,907,049	$ 2,103,706	$ 86,010,755

See notes to financial statements.

Embrace Families Community Based Care, Inc.

Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services								Supporting Services	
	Foster Care	Adoptions	Residential	Independent Living	System of Care	Financial Assistance	Other Program Services	Total Program Services	General and Administrative	Total Expenses
Salaries	$ 570,656	$ 743,683	$ 570,656	$ 1,035,681	$ 1,226,610	$ 917,667	$ 897,003	$ 5,961,956	$ 180,207	$ 6,142,163
Payroll taxes and employee benefits	168,318	221,258	168,318	388,757	294,814	168,318	131,557	1,541,340	53,397	1,594,737
Total salaries and related benefits	738,974	964,941	738,974	1,424,438	1,521,424	1,085,985	1,028,560	7,503,296	233,604	7,736,900
Purchased services contracts	3,653,135	5,071,012	3,610,401	4,202,060	4,853,006	6,369,913	(91,864)	27,667,663	1,105,310	28,772,973
Adoption	-	13,868,532	-	-	-	-	834	13,869,366	-	13,869,366
Out of home	4,159,955	-	5,624,097	-	3,749,398	-	16,522	13,549,972	-	13,549,972
Professional fees	908,414	798,834	800,808	892,272	824,082	1,056,586	1,698,371	6,979,367	291,890	7,271,257
Financial assistance	94,424	123,297	94,424	182,010	194,403	4,749,085	-	5,437,643	29,849	5,467,492
Occupancy	256,147	334,473	256,147	493,747	527,364	376,430	356,525	2,600,833	80,973	2,681,806
Independent living	-	-	-	1,636,885	-	-	-	1,636,885	-	1,636,885
Client screening and certifications	-	-	-	-	755,334	-	-	755,334	-	755,334
Supplies	27,668	36,128	27,668	53,332	56,963	40,660	38,510	280,929	8,746	289,675
Communication	25,119	32,800	25,119	48,419	51,715	36,914	34,962	255,048	7,941	262,989
Advertising and marketing	19,864	25,938	19,864	38,290	40,897	29,192	27,648	201,693	6,279	207,972
Equipment rental and maintenance	20,731	27,070	20,731	39,960	42,681	30,465	28,854	210,492	6,553	217,045
Conferences, travel and training	14,153	18,481	14,153	27,281	29,139	20,799	19,702	143,708	4,474	148,182
Fees, bad debts and other	41,003	53,539	41,003	79,037	84,418	60,257	57,071	416,328	12,962	429,290
Depreciation	287	374	286	552	590	421	399	2,909	91	3,000
Memberships	3,543	4,626	3,544	6,829	7,294	5,207	4,931	35,974	1,120	37,094
Postage and shipping	2,802	3,659	2,802	5,402	5,770	4,119	3,900	28,454	886	29,340
Insurance	1,679	2,193	1,679	3,236	3,457	2,468	2,337	17,049	531	17,580
Total expenses	$ 9,967,898	$ 21,365,897	$ 11,281,700	$ 9,133,750	$ 12,747,935	$ 13,868,501	$ 3,227,262	$ 81,592,943	$ 1,791,209	$ 83,384,152

See notes to financial statements.

Embrace Families Community Based Care, Inc.

Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	**$ 376,871**	$ (2,176,906)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	**2,107**	3,000
(Earnings) in investment in limited liability company	**(208,298)**	(53,764)
Gain on sale of investment in limited liability company	**(15,719)**	-
Provision for doubtful accounts	**27,155**	(460)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	**(3,760,089)**	(1,337,560)
Prepaid expenses and other assets	**96,164**	(27,982)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	**(379,070)**	1,113,574
Due to Embrace Families, Inc.	**572,995**	271,695
Deferred revenues	**23,569**	(1,212,940)
Assets held for master trust	**81,568**	40,202
Net cash used in operating activities	**(3,182,747)**	(3,381,141)
Cash flows from investing activities:		
Proceeds from sale of investment in limited liability company	**47,900**	-
Distribution received from investment in limited liability company	**140,000**	40,000
Net cash provided by investing activities	**187,900**	40,000
Cash flows from financing activities:		
Proceeds from note payable – related party	**1,000,000**	-
Proceeds from note payable	**-**	1,028,572
Net cash provided by financing activities	**1,000,000**	1,028,572
Net decrease in cash and restricted cash held for master trust	**(1,994,847)**	(2,312,569)
Cash and restricted cash held for master trust:		
Beginning of year	**2,329,988**	4,642,557
End of year	**$ 335,141**	$ 2,329,988
Cash, end of year	**$ 31,202**	$ 2,107,617
Restricted cash held for master trust, end of year	**303,939**	222,371
Total	**$ 335,141**	$ 2,329,988
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	**$ 3,446**	$ 3,402

See notes to financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: Embrace Families Community Based Care, Inc., (EFCBC or the Organization) is a Florida nonprofit organization dedicated to developing community-based services and support for children and families served by the child welfare system in Orange, Osceola and Seminole Counties in the state of Florida. Operations are directed by a voluntary board who receive no compensation for their services.

EFCBC is a wholly owned subsidiary of Embrace Families, Inc. (Parent).

The Organization's program services are as follows:

Foster care: Provides recruitment, training, licensing, re-licensing and support for foster care parents.

Adoptions: Provides cost of adoption assistance, subsidy payments and other nonrecurring adoption expenses for adopting families.

Residential: Provides placement of children in relative care, family foster care, therapeutic foster care, medical foster care, residential group care or emergency shelter.

Independent living: Provides pre-independent living assessments, independent life skills assessments, employment training, counseling and after care support services, and provides payments to clients who participate in the program.

System of care: Provides case management, prevention and early intervention and domestic violence support.

Financial assistance: Provides assistance for community, assessments and preventative financial assistance.

Other program services: Includes background screenings, home licensing and home health inspections.

A summary of the Organization's significant accounting policies follows:

Basis of presentation: The accompanying financial statements have been prepared on the accrual basis of accounting.

A nonprofit organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations but may be designated for specific purposes by action of the Board of Directors.

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization, the passage of time or permanently maintained by the Organization. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions. The Organization does not have any net assets with donor restrictions.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Accounts receivable: Accounts receivable under grants and contracts are due in one year or less, and are stated at net realizable value. The Organization uses the allowance method to determine uncollectible accounts receivable. The allowance is established based upon management's analysis of specific accounts and other economic factors. In the opinion of management, no allowance for uncollectible accounts receivable was considered necessary at June 30, 2021 and 2020.

Property and equipment: Property and equipment are recorded at cost when purchased or at fair value at the date of gift, if contributed. Property and equipment is capitalized if it has a cost of $1,000 or more and a useful life, when acquired of more than a year. Property acquired with governmental funds is considered to be owned by the Organization while used in the program for which it was purchased or in future authorized programs; however, its disposition as well as the ownership of any proceeds therefrom is subject to applicable regulations. Depreciation of property and equipment is computed using the straight-line method of accounting over the estimated useful lives of the depreciable assets, which ranges from 3 to 40 years. Maintenance and repairs are charged to operations when incurred. When property and equipment are sold or otherwise disposed of, the asset account and the related accumulated depreciation account are relieved, and any gain or loss included in operations.

Impairment of long-lived assets: The carrying value of property and equipment is reviewed for impairment whenever events or changes in circumstances indicate such value may not be recoverable. Recoverability of assets or asset groups to be held and used is measured by a comparison of the carrying amount of an asset or asset group to future net cash flows expected to be generated by the asset or asset group. If such assets or asset groups are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets or asset groups exceeds the fair value of the assets or asset groups. Assets or asset groups to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. No impairment of its long-lived assets or asset groups has been recognized during the years ended June 30, 2021 and 2020.

Assets held for master trust: The Organization is a representative payee for children in licensed foster care that receive Social Security or other trust benefits. Benefit payments and withdrawals are recorded as assets and liabilities and are not reflected in the accompanying statements of activities. Funds are maintained in separate bank accounts as required by funding sources and reflected on the accompanying statements of financial position as restricted cash held for master trust.

Revenue from contracts related to exchange transactions: The Organization recognizes revenue from contracts with customers in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers (ASC 606), which provides a five-step model for recognizing such revenue as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

The Organization's revenues that relate to exchange transactions arise from an agreement with an affiliate, Community Based Care Integrated Health, Inc., to provide care coordination services for Medicaid recipients. The revenues are recognized over time as services are provided, on a monthly basis and are recorded in grants and contracts in the accompanying statements of activities.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Government grants and contracts: Government grants and contracts are considered exchange transactions if each party receives and sacrifices commensurate value. Funds from these exchange transactions are not considered contributions and are deemed to be earned and reported as revenue when such funds have been expended towards the designated purpose or when the services are provided as stipulated by the grant or contract. Funds received in advance and not yet earned are recorded as deferred revenues. Government grants and contracts not considered exchange transactions are recognized as revenue when the funds are utilized by the Organization to carry out the activity stipulated by the grant or contract. The grants and contracts can be terminated by the grantor or refunding can be required under certain circumstances coupled with other performance and/or control barriers. For these reasons, these grant and contract agreements are considered conditional. Accordingly, amounts received, but not recognized as revenue, are classified in the accompanying statements of financial position as deferred revenues.

Contributions: Contributions received are recorded at fair value as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without restrictions if the restriction expires in the reporting period in which the support is recognized. When a restriction is accomplished or it expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions.

Contributions receivable, which represent unconditional written promises to give, are revenues in the period when the written promise is received. Conditional promises to give are recognized when the conditions upon which they depend are substantially met. A contribution is considered to be conditional if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include measurable performance-related barrier or other measurable items, stipulations that limit discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement.

Contributed services are recognized and reported at fair value in the period received, if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution. There were no contributed services for the years ended June 30, 2021 and 2020.

Functional expenses: The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying statements of activities and in the accompanying statements of functional expenses. Accordingly, certain costs have been allocated among the various programs and supporting services benefited. Salaries and related payroll expenses are allocated among functional categories based on the estimated proportion of time spent to each function. All other expenses are allocated based on management’s estimate of the relative functional activity.

Income taxes: The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under similar provisions of the Florida Statutes. Accordingly, no provision for federal and state income taxes has been recorded in the accompanying financial statements. The Organization follows accounting standards relating to accounting for uncertainty in income taxes. Management assessed whether there were any uncertain tax positions, which may give rise to income tax liabilities, and determined that there were no such matters requiring recognition in the accompanying financial statements.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Use of estimates: The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. 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.

Reclassification: Certain amounts have been reclassified from prior year financial statements to conform with current year presentation. Such reclassifications had no effect on total net assets, change in net assets, or cash flows as previously reported.

Concentrations: The Organization's financial instruments that are exposed to concentrations of credit risk include cash and government grants and contracts and related accounts receivable. Cash includes accounts placed with federally insured financial institutions. Such accounts may at times exceed federally insured limits. The Organization has not experienced any losses on such accounts.

The Organization's operating support and revenues includes concentrations primarily from federal and state programs. Changes in operating support and revenues from federal and state programs could significantly impact the Organization, including a reduction in the program services offered by the Organization; however, management does not anticipate any such changes in the near-term.

Investment in limited liability company: EFCBC has an investment in a limited liability company, in which the Organization owns a 3% and 4% interest as of June 30, 2021 and 2020, respectively, and its Parent owns 35%, has the ability to exercise significant influence over the limited liability company and accordingly, has accounted for this investment using the equity method of accounting. During the year ended June 30, 2021, the Organization's ownership percentage changed from 4% to 3%.

Newly adopted accounting pronouncements: In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09. The amendments in this update create Topic 606, Revenue from Contracts with Customers, and supersede the revenue recognition requirements in Topic 605, Revenue Recognition, including most industry-specific revenue recognition guidance throughout the Industry Topics of the Codification. The core principle of Topic 606 is that an entity recognized revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. On July 1, 2020, the Organization adopted ASU 2014-09 under the modified retrospective approach, which allows the cumulative prior effect to be recognized as of the date of the initial application. The Organization has determined that the adoption of ASU 2014-09 did not result in an adjustment to opening net assets and did not have a significant effect on the amount of timing and revenue recognition for the year ended June 30, 2021.

Recent accounting pronouncements: In February 2016, the FASB issued its new lease accounting guidance in ASU 2016-02, *Leases* (Topic 842). Under the new guidance, lessees will be required to recognize the following for all leases (except for short-term leases) at the commencement date: (1) A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (2) A right of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Lessees will no longer be provided with a source of off-balance sheet financing. Lessees must apply a modified retrospective transition approach for leases existing at, or entered after, the beginning of the earliest comparative period presented in the financial statements. Nonpublic entities should apply the amendments for fiscal years beginning after December 15, 2021. The Organization is currently evaluating the impact this ASU will have on its financial statements.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for nonprofit entities. The ASU will require a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The ASU will also require enhanced disclosure, including disaggregation of nonfinancial assets recognized by category and qualitative information about each category. The amendments in this ASU will be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. The Organization is currently evaluating the impact this ASU will have on its financial statements.

Subsequent events: Management has assessed subsequent events through February 18, 2022, the date the financial statements were available to be issued.

Note 2. Investment in Limited Liability Company

Investment in a limited liability company of $224,775 and $188,658 as of June 30, 2021 and 2020, respectively, consists of a 3% and 4% interest, respectively, in Community Based Care Integrated Health, LLC (Integrated Health). Integrated Health is a Florida limited liability company engaged in the child welfare managed care business throughout Florida. The investment is accounted for using the equity method as the Organization has significant influence, but not control over the entity. The Organization's share of Integrated Health's net income was $208,298 and $53,764 during the years ended June 30, 2021 and 2020, respectively, and is included in contributions and other income in the accompanying statements of activities. In addition, the Organization received distributions from Integrated Health in the amount of $140,000 and $40,000, during the years ended June 30, 2021 and 2020, respectively.

The following is a summary of financial position and results of operations of Integrated Health, as of and for the years ended June 30, 2021 and 2020:

	2021	2020
Total assets	$ 6,741,859	$ 3,988,762
Total liabilities	$ 1,078,843	$ 1,022,314
Total members' equity	5,663,016	2,966,448
Total liabilities and members' equity	$ 6,741,859	$ 3,988,762
Total revenues	$ 16,047,990	$ 10,908,138
Total expenses	10,375,127	9,564,023
Net income	$ 5,672,863	$ 1,344,115
EFCBC's share of net income	$ 208,298	$ 53,764

Note 3. Property and Equipment

Property and equipment at June 30, 2021 and 2020, consisted of the following:

	2021		
	EFCBC	Custodial Assets	Total
Land	$ -	$ 65,600	$ 65,600
Buildings	-	362,448	362,448
Furniture and equipment	1,032,579	-	1,032,579
Software	460,316	-	460,316
	1,492,895	428,048	1,920,943
Less accumulated depreciation	(1,485,081)	(88,462)	(1,573,543)
	$ 7,814	$ 339,586	$ 347,400

	2020		
	EFCBC	Custodial Assets	Total
Land	$ -	$ 65,600	$ 65,600
Buildings	-	362,448	362,448
Furniture and equipment	1,032,579	-	1,032,579
Software	460,316	-	460,316
	1,492,895	428,048	1,920,943
Less accumulated depreciation	(1,480,540)	(79,400)	(1,559,940)
	$ 12,355	$ 348,648	$ 361,003

Depreciation expense for the years ended June 30, 2021 and 2020, was $2,107 and $3,000, respectively.

Note 4. Line of Credit

EFCBC had an unsecured revolving line of credit of $5,000,000, bearing interest calculated as the daily one month LIBOR rate of interest plus 1.75%, payable monthly. There was no outstanding balance on the line of credit at June 30, 2020 and this line of credit was closed in February 2021.

Note 5. Note Payable

On April 17, 2020, the Organization received a U.S. Small Business Administration (SBA) Paycheck Protection Program loan in the amount of $1,028,572, which is recorded as a noncurrent note payable as of June 30, 2021 and 2020, in the accompanying statements of financial position. The loan bears interest at 1% annually and matures on April 17, 2022. Under the Coronavirus Aid, Relief and Economic Security Act (CARES Act), up to the full principal amount of the loan and any accrued interest can be forgiven if the Organization uses all of the loan proceeds for forgivable purposes as required under the CARES Act. The loan was forgiven by the SBA subsequent to the fiscal year-end in the amount of $1,028,572 in principal and $12,600 in interest. In accordance with ASC 470, Simplifying the Classification of Debt in a Classified Balance Sheet, the loan is classified as noncurrent in the accompanying statements of financial position at June 30, 2021 and 2020. The loan is subject to audit by the SBA for a period of 6 years following forgiveness.

Note 6. Leases

The Organization leases facilities and equipment under various operating leases that expire through February 2028. Facilities leases include early termination clauses in the event the Organization's funding contracts are terminated. The aggregate rental expense incurred under these leases totaled approximately $2,124,000 and $2,306,000 for the years ended June 30, 2021 and 2020, respectively.

Future minimum lease payments under these operating leases as of June 30, 2021, are as follows:

Years ending June 30:	
2022	$ 1,957,443
2023	1,562,730
2024	1,577,684
2025	1,601,806
2026	1,626,356
Thereafter	3,137,882
	$ 11,463,901

Note 7. Retirement Plan

The Organization's employees are eligible to participate in a defined contribution 401(k) Profit Sharing Plan (the Plan). Employees become eligible to participate in the Plan on the first monthly date following the attainment of age 18 and the completion of one hour of service. Plan participants may voluntarily contribute, on a pre-tax basis, up to 100% of their qualified annual compensation, as defined in the Plan, up to the Internal Revenue Code maximum limits. The Organization makes matching contributions equal to 100% of each participant's contribution to a maximum of 4% of compensation, as defined in the Plan document. Contributions to the Plan for the years ended June 30, 2021 and 2020, were approximately $169,000 and $148,000, respectively, and is included in payroll taxes and employee benefits in the accompanying statements of functional expenses.

Note 8. Related Party Transactions

The Organization receives management and administrative services through an agreement with its Parent, Embrace Families, Inc. The agreement automatically continues for successive one-year periods, unless either party gives written notice not to renew within 30 days prior to the expiration of each term. Administrative services are charged based on direct costs and indirect costs incurred monthly. In addition, Embrace Families, Inc. charges a monthly fee for use of the data warehouse system (technology maintenance fee). Management fees, administrative services and technology maintenance fees incurred by the Organization during the years ended June 30, 2021 and 2020, were approximately $6,161,000 and $6,122,000, respectively. Amounts due to Embrace Families, Inc. at June 30, 2021 and 2020, related to this agreement, totaled approximately $1,526,200 and $953,200, respectively, which is included in the accompanying statements of financial position.

In June 2019, the Organization entered into two promissory notes totaling $220,000 with Embrace Families, Inc. to receive cash advances for current operations related to two programs. These promissory notes are non-interest bearing and due 30 days after Embrace Families, Inc. provides written notice of demand. In September 2020, the Organization entered into an additional promissory note in the amount of $1,000,000 with Embrace Families, Inc. The note is due on demand and bears interest at an annual rate of 1%. At June 30, 2021 and 2020, the total balance is included in the current portion of notes payable in the accompanying statements of financial position.

Note 8. Related Party Transactions (Continued)

During the years ended June 30, 2021 and 2020, the Organization received contributions totaling $0 and $98,200, respectively, from Embrace Families, Inc. and is included as contributions and other income in the accompanying statements of activities.

During the years ended June 30, 2021 and 2020, the Organization received in kind contributions of approximately $118,000 and $364,900 from Embrace Families Foundation, Inc. and is included as contributions and other income in the accompanying statements of activities.

The Organization made payments to an affiliate, Embrace Families Solutions, Inc., under a subrecipient agreement, of approximately $509,000 and $534,000, during the years ended June 30, 2021 and 2020, respectively. Amounts due to Embrace Families Solutions, Inc., at June 30, 2021 and 2020, related to this subrecipient agreement, totaled approximately $49,000 and $51,000, respectively, which is included in accounts payable and accrued expenses in the accompanying statements of financial position.

The Organization entered into an agreement in February 2014 with an affiliate, Community Based Care Integrated Health, LLC, to coordinate the delivery of Medicaid services to specified members and provide administrative services for which it would be compensated. During the years ended June 30, 2021 and 2020, the Organization recognized $518,281 and $471,610, respectively, for these services.

The Organization receives marketing services through an agreement with an affiliate, Embrace Families Foundation, Inc. Fees are fixed and incurred monthly. Expenses incurred by the Organization during the years ended June 30, 2021 and 2020, for these services was $100,000 and $50,000, respectively, which is included in professional fees in the accompanying statements of functional expense.

The Organization receives management and administrative services for a Community Impact program from an affiliate, Embrace Families Foundation, Inc. According to that agreement, the Organization is to reimburse Embrace Families Foundation, Inc. for 90% of the expenses incurred on this program. Expenses incurred by the Organization during the years ended June 30, 2021, and 2020, for these services was approximately $183,000, and $203,000 respectively, which is included in professional fees in the accompanying statements of functional expenses.

Note 9. Commitments and Contingencies

EFCBC, as an authorized agent of the state of Florida in accordance with Florida Statute Section 409.1671, has contracted with organizations to deliver quality child welfare services. The contracts have five-year terms, but often can be renewed for additional five-year terms.

The Organization is subject to state and federal audit examination to determine compliance with grant or contract requirements. In the event that expenditures would be disallowed, repayment could be required. Management is of the opinion that such expenditures, if any, would not have a material adverse impact on the Organization.

Note 10. Conditional Grants

The Organization has conditional grants awarded from grantors of approximately $240,200,000 as of June 30, 2021. Future payments are contingent upon the Organization carrying out certain activities related to meeting grantor imposed barriers stipulated by the grant or contract.

Note 11. State Funding and Impact on Net Assets

The Organization receives a substantial amount of grants and contracts from the state of Florida to operate as a child welfare organization to benefit children and families in the service area discussed in Note 1. Servicing children and families who are at risk under a contract with the State of Florida's Department of Children and Families puts the Organization at risk if funding is not sufficient to meet those welfare needs. The state of Florida has several funding mechanisms to help make up any deficit incurred as follows: (a) the state of Florida established risk pools to assist organizations to ensure those organizations are adequately funded and that no children or families are denied assistance; (b) organizations can apply for an increase in core funding from the state of Florida's legislature and (c) organizations can also make direct funding requests from the state of Florida's legislature. During the years ended June 30, 2021 and 2020, respectively, the Organization was awarded approximately $6,331,200 and $2,352,300 increase in core funding from the state of Florida's legislature. The Organization requested additional funds from the state of Florida's risk pool during the years ended June 30, 2021 and 2020. The Organization has been successful in the prior years by obtaining additional funding through the risk pool, core funding and direct requests of the state of Florida legislature. However, successful efforts for additional state of Florida funding in prior years is no guarantee of success in the future.

Note 12. Liquidity and Availability of Resources

As of June 30, 2021 and 2020, the following reflects the Organization's financial assets, reduced by amounts not available for general use within one year of June 30:

	2021	2020
Financial assets, at year-end:		
Cash	$ 31,202	$ 2,107,617
Accounts receivable	7,295,336	3,562,402
Financial assets available to meet cash needs for general expenditures within one year	$ 7,326,538	$ 5,670,019

As part the Organization's liquidity management, its policy is to maintain 30 days of cash and receivables to meet operating and client related expenses.

Note 13. COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and, on March 11, 2020, declared COVID-19 a pandemic. The extent to which COVID-19 impacts the operations of the Organization in the future will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak. New information that may emerge concerning the severity of COVID-19 could adversely impact the Organization's operations, including among others, contributions and grant and contract revenue, and may have a material adverse effect on the financial condition, results of operations and cash flows of the Organization.

Note 14. Subsequent Event

In July 2021, the Paycheck Protection Program loan, was forgiven by the SBA as described in Note 5.

Embrace Families Community Based Care, Inc.

Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2021

Grantor/Pass-Through/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
Federal Awards:				
U.S. Department of Health and Human Services:				
Passed-through:				
State of Florida Department of Children and Families:				
Guardianship Assistance	93.090	GJL58	$ 38,112	$ -
Promoting Safe and Stable Families Program	93.556	GJL58	3,045,112	2,386,168
Temporary Assistance for Needy Families Program	93.558	GJL58	5,109,208	2,999,521
Grants to States for Access and Visitation Program	93.597	GJL58	26,423	26,423
Chafee Education and Training Vouchers Program	93.599	GJL58	144,031	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	GJL58	398,898	267,989
Foster Care – Title IV-E Program	93.658	GJL58	14,438,643	7,993,537
Adoption Assistance	93.659	GJL58	9,931,623	904,411
Social Services Block Grant Program	93.667	GJL58	3,417,813	1,816,971
Child Abuse and Neglect State Grants Program	93.669	GJL58	87,757	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	GJL58	1,668,592	1,004,189
Medical Assistance Program	93.778	GJL58	281,027	-
Direct program:				
Adoption Opportunities	93.652	90CO1138-02-000	1,187,738	81,917
Total U.S. Department of Health and Human Services			39,774,977	17,481,126
U.S. Department of Labor:				
Passed-through:				
CareerSource Central Florida:				
WIOA Youth Activities	17.259	1617-011	63,408	-
Total expenditures of federal awards			$ 39,838,385	$ 17,481,126

Grantor/Pass-Through/Program Title	State CSFA Number	Pass-Through Entity Identifying Number	State Expenditures	Amount Provided to Subrecipients
State Financial Assistance:				
State of Florida Department of Children and Families:				
Direct programs:				
Out-of-Home Supports Program	60.074	GJL58	$ 4,521,661	$ 959,532
Independent Living and Road-to-Independence Program	60.112	GJL58	99,187	-
Motor Vehicle Insurance for Kids in Care Program	60.123	GJL58	809,232	-
CBC – Sexually Exploited Children	60.138	GJL58	135,150	135,150
CBC – Purchase of Therapeutic Services for Children Program	60.183	GJL58	853,445	-
Total expenditures of state financial assistance			6,418,675	1,094,682
Total federal awards and state financial assistance			$ 46,257,060	$ 18,575,808

See notes to schedule of expenditures of federal awards and state financial assistance.

Embrace Families Community Based Care, Inc.

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2021

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal award and state financial assistance project activity of Embrace Families Community Based Care, Inc., under programs of the federal government and the state of Florida for the year ended June 30, 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) and the State of Florida Chapter 10.650, *Rules of the Auditor General*. Because the Schedule presents only a selected portion of the operations of Embrace Families Community Based Care, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Embrace Families Community Based Care, Inc.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are recognized on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and cost principles established by the State of Florida Department of Financial Services, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

Embrace Families Community Based Care, Inc. has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

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*
Independent Auditor's Report

Board of Directors
Embrace Families Community Based Care, 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 Embrace Families Community Based Care, Inc., which comprise the statement of financial position as of June 30, 2021, 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 February 18, 2022.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered Embrace Families Community Based Care, Inc.'s internal control over financial reporting (internal control) as a basis or designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Embrace Families Community Based Care, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Embrace Families Community Based Care, 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.

Our consideration of the 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 considered material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether Embrace Families Community Based Care, 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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

RSM US LLP

Orlando, Florida
February 18, 2022

Report on Compliance for Each Major Federal Program and State Financial Assistance Project and Report on Internal Control Over Compliance Required by Uniform Guidance and State of Florida Chapter 10.650, *Rules of the Auditor General*
Independent Auditor's Report

Board of Directors
Embrace Families Community Based Care, Inc.

Report on Compliance for Each Major Federal Program and State Financial Assistance Project
We have audited Embrace Families Community Based Care, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the Florida Department of Financial Services' State Projects Compliance Supplement that could have a direct and material effect on each of Embrace Families Community Based Care, Inc.'s major federal programs and state financial assistance projects for the year ended June 30, 2021. Embrace Families Community Based Care, Inc.'s major federal programs and state financial assistance projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with federal and state statutes, regulations and the terms and conditions of its federal awards and state financial assistance applicable to its federal programs and state financial assistance projects.

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for each of Embrace Families Community Based Care, Inc.'s major federal programs and state financial assistance projects 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; 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) and State of Florida Chapter 10.650, *Rules of the Auditor General*. Those standards, the Uniform Guidance and the State of Florida Chapter 10.650, *Rules of the Auditor General*, 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 or state financial assistance project occurred. An audit includes examining, on a test basis, evidence about Embrace Families Community Based Care, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state financial assistance project. However, our audit does not provide a legal determination of Embrace Families Community Based Care, Inc.'s compliance.

Opinion on Each Major Federal Program and State Financial Assistance Project
In our opinion, Embrace Families Community Based Care, 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 and state financial assistance projects for the year ended June 30, 2021.

Report on Internal Control over Compliance
Management of Embrace Families Community Based Care, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Embrace Families Community Based Care, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or state financial assistance project 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 state financial assistance project and to test and report on internal control over compliance in accordance with the Uniform Guidance and State of Florida Chapter 10.650, *Rules of the Auditor General*, 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 Embrace Families Community Based Care, Inc.'s internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state financial assistance project 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 or state financial assistance project 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 or state financial assistance project 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 designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of This Report
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 and State of Florida Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

RSM US LLP

Orlando, Florida
February 18, 2022

Embrace Families Community Based Care, Inc.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

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	X	No
Significant deficiency(ies) identified?		Yes	X	None Reported
Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified?		Yes	X	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 Section 2 CFR 200.516(a)?		Yes	X	No

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
93.558	Temporary Assistance for Needy Families
93.659	Adoption Assistance
93.674	John H. Chafee Foster Care Program for Successful Transition to Adulthood

Dollar threshold used to distinguish between Type A and Type B federal programs:		$ 1,195,152		
Auditee qualified as low-risk auditee?	X	Yes		No

(Continued)

Embrace Families Community Based Care, Inc.

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2021

Section I – Summary of Auditor's Results (Continued)

State Financial Assistance

Internal control over major state projects:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified?		Yes	X	None Reported
Type of auditor's report issued on compliance for major state projects:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with the State of Florida Chapter 10.650, *Rules of the Auditor General*?		Yes	X	No

Identification of major state projects:

CSFA Number(s)	Name of State Financial Assistance Project
60.074	Out-of-Home Supports Program

Dollar threshold used to distinguish between Type A and Type B state financial assistance projects: $ 750,000

Section II – Financial Statement Findings

No matters to report.

Section III – Findings and Questioned Costs for Federal Awards and State Financial Assistance

No matters to report

Section IV – Other Reporting

There was no management letter or control deficiency letter issued for the year ended June 30, 2021, as there were no matters required to be reported in these letters.

No Corrective Action Plan is presented because there were no findings required to be reported under the Federal Single Audit Act or the Florida Single Audit Act.

No Summary Schedule of Prior Audit Findings is presented because there were no prior audit findings.