

FLAGLER CARES, INC.
FINANCIAL REPORT

Year Ended June 30, 2024

CONTENTS

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7
SUPPLEMENTAL INFORMATION	
Schedule of Expenditures of Federal Awards	17
Notes to Schedule of Expenditures of Federal Awards	18
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	19
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY <i>THE UNIFORM GUIDANCE</i>	20
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	22
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	23

ABARE, KRESGE & ASSOCIATES CPAs, LLC

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Flagler Cares, Inc.
Flagler Beach, FL

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Flagler Cares, Inc. (the "Organization"), a Florida not-for-profit corporation, which comprise the statement of financial position as of June 30, 2024 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 Flagler Cares, Inc. as of June 30, 2024, 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 Flagler Cares, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2024, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2024, on our consideration of Flagler Cares, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Flagler Cares, 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 Flagler Cares, Inc.'s internal control over financial reporting and compliance.



Abare, Kresge & Associates CPAs, LLC
St. Augustine, FL
December 2, 2024

FLAGLER CARES, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024

ASSETS	
Cash and cash equivalents	\$ 731,300
Grants and contracts receivable, net	108,778
Prepaid expenses	1,566
Right-of-use asset, operating	298,383
Property and equipment, net	60,235
Deposits	29,119
TOTAL ASSETS	<u>\$ 1,229,381</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	\$ 84,091
Other current liabilities	208,599
Deferred revenue	11,490
Right-of-use liability, operating	<u>385,368</u>
TOTAL LIABILITIES	<u>689,548</u>
NET ASSETS	
Without donor restrictions	<u>539,833</u>
Total net assets	<u>539,833</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,229,381</u>

See accompanying notes

FLAGLER CARES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
REVENUE AND PUBLIC SUPPORT			
Contributions	\$ 1,006,270	\$ -	\$ 1,006,270
United Way	120,000	-	120,000
Federal grants	-	832,874	832,874
State grants	-	88,240	88,240
Other grants and contracts	-	481,514	481,514
Professional service fees	189,790	-	189,790
Member support	103,000	-	103,000
Sublease income	66,880	-	66,880
Other	<u>14,187</u>	<u>-</u>	<u>14,187</u>
Total revenue and public support	<u>1,500,127</u>	<u>1,402,628</u>	<u>2,902,755</u>
 NET ASSETS RELEASED FROM RESTRICTIONS	 <u>1,402,628</u>	 <u>(1,402,628)</u>	 <u>-</u>
 EXPENSES			
Program	2,629,842	-	2,629,842
General and administrative	<u>244,235</u>	<u>-</u>	<u>244,235</u>
Total expenses	<u>2,874,077</u>	<u>-</u>	<u>2,874,077</u>
 CHANGE IN NET ASSETS	 28,678	 -	 28,678
NET ASSETS, BEGINNING	<u>511,155</u>	<u>-</u>	<u>511,155</u>
NET ASSETS, ENDING	<u>\$ 539,833</u>	<u>\$ -</u>	<u>\$ 539,833</u>

See accompanying notes

FLAGLER CARES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	Program Services			Supporting Services	
	Client Services	System Work	Total Program Services	General and Administrative	Total
Salaries and wages	\$ 575,867	\$ 324,764	\$ 900,631	\$ 163,819	\$ 1,064,450
Employee benefits and costs	67,614	38,131	105,745	19,234	124,979
Payroll taxes	<u>43,136</u>	<u>24,327</u>	<u>67,463</u>	<u>12,271</u>	<u>79,734</u>
Total employee costs	686,617	387,222	1,073,839	195,324	1,269,163
Client expenses	665,085	-	665,085	-	665,085
Dues and subscriptions	506	2,202	2,708	2,101	4,809
Equipment	985	2,732	3,717	301	4,018
Insurance	1,133	3,140	4,273	346	4,619
Licenses and fees	-	-	-	1,405	1,405
Occupancy	48,359	134,035	182,394	14,746	197,140
Operating expenses and supplies	17,466	48,412	65,878	5,326	71,204
Professional services	17,704	6,110	23,814	1,464	25,278
Software and IT support	35,854	99,376	135,230	10,933	146,163
Subcontract services	339,078	68,909	407,987	-	407,987
Supplies	5,173	2,328	7,501	2,377	9,878
Training and meetings	3,234	168	3,402	1,924	5,326
Travel	<u>4,526</u>	<u>6,499</u>	<u>11,025</u>	<u>4,512</u>	<u>15,537</u>
Total expenses before depreciation	1,825,720	761,133	2,586,853	240,759	2,827,612
Depreciation	<u>11,397</u>	<u>31,592</u>	<u>42,989</u>	<u>3,476</u>	<u>46,465</u>
Total expenses	<u>\$ 1,837,117</u>	<u>\$ 792,725</u>	<u>\$ 2,629,842</u>	<u>\$ 244,235</u>	<u>\$ 2,874,077</u>

See accompanying notes

FLAGLER CARES, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 28,678
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	46,465
Net changes in:	
Grants and contracts receivable, net	5,806
Prepaid expenses	1,451
Right-of-use asset, operating	56,426
Deposits	(4,892)
Accounts payable and accrued expenses	31,753
Other current liabilities	189,472
Deferred revenue	(42,425)
Right-of-use liability, operating	<u>(37,008)</u>
Net cash provided by operating activities:	<u>275,726</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of property and equipment	<u>(28,031)</u>
Net cash used in investing activities:	<u>(28,031)</u>

CASH FLOW FROM FINANCING ACTIVITIES

Net cash provided by financing activities:	<u>-</u>
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NET INCREASE IN CASH	247,695
CASH, BEGINNING	<u>483,605</u>
CASH, ENDING	<u>\$ 731,300</u>

SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for interest	<u>\$ -</u>
Cash paid for taxes	<u>\$ -</u>

See accompanying notes

FLAGLER CARES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 ORGANIZATION

Flagler Cares, Inc., (the “Organization”), is a Florida not-for-profit corporation located in Palm Coast, Florida. The Organization was established to support a broad, county-wide initiative to expand the safety net for Flagler County citizens in need, to build a coordinated system of social, financial and health services, and to decrease societal and personal costs by providing services as efficiently as possible.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Classification of Net Assets

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organization’s” (the “Guide”).

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

- a) Net assets without donor restrictions: Net assets are resources over which the Board of Directors (the “Board”) has discretionary control including those unrestricted net assets.
- b) Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. After the donor-imposed time or purpose restriction is satisfied, donor restricted net assets are reclassified to donor unrestricted net assets and reported within the statement of activities as net assets released from restrictions. At June 30, 2024, the Organization had no net assets with donor restrictions.

Revenue Recognition

The Organization follows Topic 606, Revenue from Contracts with Customers, in the Accounting Standards Codification (ASC), as developed by the Financial Accounting Standards Board (FASB). Under ASC 606, revenue recognition for customer contract related services is required when promised goods or services are transferred to customers in an amount that reflects the consideration to which an organization expects to be entitled in exchange for those goods and services.

The Organization receives substantial revenue from cost reimbursable federal contracts or grants, which are conditional upon certain requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when expenditures have been incurred in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

For the year ended June 30, 2024, member support revenue received from local community organizations and agencies is discretionary and is recognized as received. Revenue from professional consultation services and special projects is recorded when services are provided.

FLAGLER CARES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 certain reported amounts, including certain types of assets, liabilities, revenues and expenses, as well as disclosures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, actual results could differ from those estimated. The nature of these estimates, however, is such that variances from actual results are held to be immaterial.

Fair Value of Financial Instruments

All financial instruments are carried at amounts that approximate estimated fair value.

Financial Accounting Standards Board ASC 820, *Fair Value Measurement* ("ASC 820"), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities that the Organization can access at the measurement date.

Level 2

Inputs to the valuation methodology are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly such as publicly available information about actual events or transactions, and that reflect the assumptions that market participants would use when pricing the asset or liability.

Level 3

Inputs to the valuation methodology are unobservable for the asset or liability. Unobservable inputs are defined as inputs for which market data are not available and that are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability.

For the year ended June 30, 2024, all assets and liabilities qualified as level 1 under the fair value hierarchy.

Reclassifications

Certain accounts in the prior-year financial statements may have been reclassified to conform with the presentation in the current year financial statements. These recategorized expenses did not affect reported financial position, results of operations, or cash flows.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with a maturity of 90 days or less.

FLAGLER CARES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and Contracts Receivable

Grants and contracts receivable primarily consist of amounts due from member organizations for services provided and local agencies for grant and contract billings through June 30, 2024, that have not yet been collected. The Organization uses the direct write-off method for uncollectable amounts. All accounts receivable are considered fully collectable by the Organization as of June 30, 2024. As a result, no allowance for doubtful accounts has been recognized in the accompanying financial statements. Use of the direct write off method did not result in a material departure from accounting principles generally accepted in the United States of America.

Property and Equipment

Property and furnishings are stated at cost, if purchased. Donations of property and furnishings are recorded at their estimated fair market value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Expenditures for renewals or improvements that either materially add value or prolong the useful lives of assets are capitalized. Expenditures that are less than \$5,000 are expensed as incurred.

Software is depreciated using the straight-line method over its estimated useful life of 5 years. Leasehold improvements are depreciated using the straight-line method over its estimated useful life of 7 to 20 years. Depreciation expense for the year ended June 30, 2024 was \$46,465.

Deferred Revenue

Under accounting principles generally accepted in the United States of America, deferred revenue for is recorded only when the Organization receives funds prior to earning the revenue and not just when an exchange transaction agreement is entered into. For the Organization at June 30, 2024, deferred revenue, totaling \$11,490, consists of professional services and grant funds received in advance of the period to which they relate.

Contributions

In accordance with FASB ASC 958, *Financial Statements of Not-for-Profit Entities*, contributions received are recorded as donor unrestricted or donor restricted support depending on the existence and/or nature of donor restrictions. Contributions that are restricted by the donor are reported as increases in donor unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in donor restricted net assets depending on the nature of the restrictions. Under FASB ASC 958, contributions that are required to be reported as donor restricted support are then reclassified to donor unrestricted net assets upon expiration of time restrictions or satisfaction of donor restrictions.

Contributions, including unconditional promises to give, are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Pledges receivable are recorded when unconditional promises to pay are recorded. Unconditional promises to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. The Organization writes off specific pledges receivable as they become uncollectable. Use of the direct method did not result in a material departure from accounting principles generally accepted in the United States of America.

FLAGLER CARES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Goods and Services

The Organization records the value of donated goods or services at their estimated value at the date of donation when there is an objective basis available to measure their value. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skill, are performed by people with those skills, and would otherwise be purchases of the Organization. The Organization received no donated goods or services that met the revenue recognition standard during the year ended June 30, 2024.

Additionally, a number of volunteers periodically donate significant amounts of time to the Organization. No amounts have been reflected in the statements for these contributed services since the contribution of these services did not create or enhance non-financial assets or require specialized skills.

Income Taxes

The Organization is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes, respectively, except on net income derived from unrelated business activities.

Accounting for Income Taxes

The Organization has adopted FASB ASC 740-10, *Accounting for Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. The interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Based on analyses of various federal and state filing positions of the Organization, management believes that its income tax filing positions and deductions are well documented and supported.

As of June 30, 2024, the Organization had no temporary differences relating to the recognition of income and expenses for financial and tax reporting purposes. Accordingly, no deferred tax assets or liabilities are recorded. Additionally, as of June 30, 2024, the Organization had no uncertain tax positions that would qualify for either recognition or disclosure in the financial statements. Therefore, no reserves for uncertain income tax positions have been recorded pursuant to FASB ASC 740-10. In addition, no cumulative effect adjustment related to the adoption of FASB ASC 740-10 was recorded.

There have been no increases or decreases in unrecognized tax benefits for current or prior years since the date of adoption. Furthermore, no interest or penalties have been included since no reserves were recorded and no significant increases or decreases are expected to occur within the next 12 months. When applicable, such interest and penalties will be reported as income tax expense.

Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Organization's tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to additional tax, penalties, and interest as a result of such challenge. At June 30, 2024, the periods that remain open to examination under federal statute are for the tax years ended June 30, 2021 through 2023.

FLAGLER CARES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expense Allocation

The costs of providing programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and wages	Time and effort
Employee benefits and costs	Time and effort
Payroll taxes	Time and effort
Dues and subscriptions	Direct costs (est. usage)
Equipment	Square footage
Insurance	Square footage
Occupancy	Square footage
Operating expenses and supplies	Square footage
Professional services	Direct costs (est. usage)
Software and IT support	Square footage
Subcontract services	Direct costs (est. usage)
Supplies	Direct costs (est. usage)
Training and meetings	Direct costs (est. usage)
Travel	Direct costs (est. usage)
Depreciation	Square footage

Compensated Absences

Employees of the Organization are entitled to paid vacation, sick days and personal days off depending on length of service and other factors. At June 30, 2024, there was \$28,148 of paid time off accrued.

Advertising

The Organization uses advertising to promote its programs and fundraising activities. The costs of advertising are expensed as incurred. For the year ended June 30, 2024, there were no advertising expenses incurred.

NOTE 3 COMPONENTS OF PROGRAM AND SUPPORTING SERVICES

Program services consist of the following:

- Client services: Care coordination of access to health, behavioral health and other social services. Provide direct support for mental health and substance use disorders including counseling, therapy and addiction treatment.
- System work: Consultation and evaluation of current system of care, collaboration and convening with partners and implementation to expand services/programs and bring new services/programs to the area.

Supporting services consist of administrative activities.

FLAGLER CARES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 4 CONCENTRATIONS OF CREDIT RISK

Financial instruments, which potentially subject the Organization to concentrations of risk, consist primarily of bank accounts with balances in excess of amounts insured by the Federal Deposit Insurance Corporation (“FDIC”). The Organization maintains its cash balances with high quality financial institutions. Accounts at these institutions currently are insured by the FDIC up to \$250,000. At times, such balances may be in excess of FDIC insurance limits. As of June 30, 2024, the Organization had cash balances totaling \$651,500 that were in excess of FDIC insurance limits.

NOTE 5 OTHER CONCENTRATIONS OF RISK

For the year ended June 30, 2024, the Organization received approximately 48% of its revenues from federal, state, and local grants and contracts, which are subject to annual renewal provisions. Additionally, the Organization receives substantial support from local community organizations and agencies. In the event these sources of revenue were to discontinue, the Organization would have a difficult time achieving current program goals.

The Organization also enters into contracts for services with a certain base of local community organizations and agencies. In the event these organizations and agencies were unable to enter into such contracts, the Organization would have a difficult time achieving current program goals.

NOTE 6 GOVERNMENT GRANTS AND OTHER CONTRACTS RECEIVABLE

At June 30, 2024, government grants and other contracts receivable consisted of the following:

City of Palm Coast	\$ 2,080
Court Administration	3,040
EJP Consulting Group, LLC	2,000
Flagler County Board of County Commissioners	10,360
Health Planning Council of NE Florida	35,460
Lutheran Services Florida, Inc.	40,398
One Voice for Volusia, Inc.	15,440
Total	<u>\$ 108,778</u>

NOTE 7 GRANTS AND CONTRACTS

Grants and contract revenue consisted of the following at June 30, 2024:

ELC Homeless Prevention Program	\$ 569,705
HPC Marketplace Navigator	84,560
DOH OD2A	28,500
CDBG Rent & Utility	39,880
Eldersource USAging	50,000
CDBG Beh. Health	20,629
DOH/HPC Health Equity	86,400
CJMHS A Implementation	41,440
LSF - CORE	215,050
DOH - CORE	178,374
7th Judicial Circuit Court STOP	7,800
7th Judicial Circuit Court VC	3,040
Women United Flagler	1,000
AdventHealth SOAR	66,250
AdventHealth CHNA	10,000
	<u>\$ 1,402,628</u>

FLAGLER CARES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 8 NET ASSETS RELEASED FROM RESTRICTIONS

Donor restricted net assets are released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors. Donor restricted net assets released during the year ended June 30, 2024 were utilized for the following purposes:

ELC Homeless Prevention Program	\$ 569,705
HPC Marketplace Navigator	84,560
DOH OD2A	28,500
CDBG Rent & Utility	39,880
Eldersource USAging	50,000
CDBG Beh. Health	20,629
DOH/HPC Health Equity	86,400
CJMHSAs Implementation	41,440
LSF - CORE	215,050
DOH - CORE	178,374
7th Judicial Circuit Court STOP	7,800
7th Judicial Circuit Court VC	3,040
Women United Flagler	1,000
AdventHealth SOAR	66,250
AdventHealth CHNA	10,000
	\$ 1,402,628

NOTE 9 NET ASSETS WITHOUT DONOR RESTRICTIONS

At June 30, 2024, the Organization's net assets without donor restrictions were \$539,833. This amount is subject to the Organizations spending policy and appropriation.

NOTE 10 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2024:

Leasehold improvements	\$ 68,298
Total property and equipment	68,298
Less, accumulated depreciation	(8,063)
Property and equipment, net	\$ 60,235

NOTE 11 COMMITMENTS AND CONTINGENCIES

Disputes and Litigation

In the normal course of business, the Organization could be party to various matters involving disputes and/or litigation. While it is not possible at this time to determine the ultimate outcome of any such matters, management believes that any ultimate liability will not be material to the financial statements. Management believes there is no pending or threatened litigation at June 30, 2024.

Grant and Contract Revenue and Support

Federal, State and County funded programs are subject to special audits and monitoring reviews. Such audits and monitoring reviews could result in claims against the resources of the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits and monitoring reviews since the amounts, if any, cannot be determined at this date.

FLAGLER CARES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 12 LIQUIDITY

The Organization is substantially supported by unrestricted and restricted funding. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following reflects the Organization's financial assets as of June 30, 2024, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the financial position date:

Financial Assets	
Cash and cash equivalents	\$ 731,300
Grants and contracts receivable, net	108,778
Financial assets, at year end	<u>840,078</u>
Less, those unavailable for general expenditures within one year, due to:	
Contractual or donor imposed restrictions:	<u>(11,490)</u>
Total restrictions of assets	<u>(11,490)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 828,588</u>

NOTE 13 RELATED PARTY TRANSACTIONS

Flagler Cares, Inc. (Flagler Cares) has entered into an agreement to provide administrative and other services for One Voice for Volusia, Inc. (One Voice). The organizations are separate nonprofit corporations and maintain separate governing Boards. Both organizations have similar missions and provide similar services in their respective counties. In addition, the Chief Executive Officer of Flagler Cares is also the Chief Executive Officer of One Voice. The contractual relationship was developed to enable facilitation of strategies across the two-county area, expand the depth and breadth of staff expertise available to both organizations, create opportunities for cost saving and efficiencies, and magnify the fund development opportunities for both the organizations.

The term of the agreement is July 1, 2023 through June 30, 2024, and calls for monthly payment to the Organization in an amount equal to the expenses incurred to perform the obligations called for in the agreement. The total revenue recognized for these services was \$167,840 for the year ended June 30, 2024, and is included in professional service fees on the accompanying statement of activities.

NOTE 14 OPERATING LEASES

Operating Leases Following ASC 842

At June 30, 2024, the Organization was subject to an operating lease arrangement under which it is the lessee. The Organization entered into a lease for office space under an operating lease agreement. The lease began November 1, 2021, and will continue for 60 months, ending on October 31, 2026. The lease has been amended several times to account for additional units being rented under the agreement. The amount recognized as a right-of-use asset and related current and long-term liabilities for this operating lease is included in the accompanying statement of financial position. Because management did not have access to the rate implicit in the lease, they used the Organization's incremental borrowing rate as its discount rate. A description of the terms of the operating lease is as follows:

FLAGLER CARES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 14 OPERATING LEASES (Continued)

Operating Leases Following ASC 842 (Continued)

Type	Operating
Term (months)	60
Monthly lease payment amount at 6/30/2024	\$13,666
Annual rate increases	3.00%
Fixed/Variable	Fixed
Discount rate	6.00%
Maturity Date	10/31/2026
Determination of discount rate	Incremental borrowing rate
Renewal option?	Yes
Purchase option?	No
Purchase option amount	N/A

The components of the net lease cost for the year ended June 30, 2024 were as follows:

Operating lease cost:	
Fixed rent expense	\$ 174,518
Less, sublease income	<u>(66,880)</u>
Net lease cost	<u>\$ 107,638</u>
Lease cost - operating	\$ 174,518
Less, sublease income	<u>(66,880)</u>
Net lease cost	<u>\$ 107,638</u>

Cash flow information components related to operating leases for the year ended June 30, 2024 were as follows:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows for operating leases	\$ 153,447

Weighted average lease term and discount rate as of June 30, 2024 were as follows:

Weighted average of remaining term (years)	2.33
Weighted average of discount rate	6.00%

Future maturities due under its operating lease liabilities as of June 30, 2024 are as follows:

<u>Year ending June 30.</u>	
2025	\$ 172,125
2026	179,715
2027	<u>60,492</u>
Total future minimum payments required	412,332
Less, effects of discounting	<u>(26,964)</u>
Operating lease liability, total	<u>\$ 385,368</u>

FLAGLER CARES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 14 OPERATING LEASES (Continued)

Operating Leases Following ASC 842 (Continued)

<u>Reconciliation of total operating lease liability</u>	
Operating lease liability, current	\$ 47,585
Operating lease liability, noncurrent	337,783
Operating lease liability, total	<u><u>\$ 385,368</u></u>

Operating Leases Following ASC 840

The Organization entered into a lease agreement for office equipment. The lease began in June 2022, and will continue for 63 months, ending in September 2028. The total rent expense reported under this lease agreement totaled \$1,380 for the year ended June 30, 2024 and is reported in operating expenses and supplies on the statement of functional expenses. The future minimum payments due under this lease commitment at June 30, 2024 is as follows:

<u>Year ending June 30,</u>	
2025	\$ 1,380
2026	1,380
2027	1,380
Thereafter	345
Total	<u><u>\$ 4,485</u></u>

NOTE 15 CORPORATE MERGER – ONE VOICE FOR VOLUSIA, INC.

The Board of Directors and management agreed to a corporate merger between the Organization (the acquirer) and One Voice for Volusia, Inc. (the target), effective July 1, 2024. As such, One Voice for Volusia, Inc. transferred all of its assets, liabilities and other contracts to the Organization on the said date. One Voice for Volusia, Inc. subsequently was dissolved with the State of Florida.

NOTE 16 SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 2, 2024. The corporate merger of the Organization with One Voice for Volusia, Inc. is discussed in Note 15. No other events were identified as necessary to be disclosed to keep these financial statements from being misleading or that provide additional evidence about conditions that existed at June 30, 2024, including estimates inherent in the process of preparing these financial statements.

SUPPLEMENTAL INFORMATION

FLAGLER CARES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Period</u>	<u>Federal CFDA Number</u>	<u>Award</u>	<u>Expenditures</u>
U.S. Department of Health and Human Services				
Pass-through programs from:				
The Early Learning Coalition of Flagler and Volusia Counties, Inc.				
Child Care and Development Block Grant	5/1/2024 - 6/30/2024	93.575	\$ 582,750	<u>\$ 569,705</u>
Health Planning Council of Northeast Florida, Inc.				
Cooperative Agreement to Support Navigators in Federally-facilitated and State Partnership Exchanges	8/27/2022 - 8/26/2023	93.750	70,000	17,381
Cooperative Agreement to Support Navigators in Federally-facilitated and State Partnership Exchanges	8/27/2023 - 8/26/2024	93.750	70,000	67,179
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	7/1/2023 - 6/30/2024	93.354	39,600	<u>39,600</u>
Sub-total				<u>124,160</u>
Centers for Disease Control and Prevention (Florida Dept of Health, Flagler County)				
Injury Prevention and Control Research and State and Community Based Programs	9/1/2022 - 8/31/2023	93.136	147,221	<u>28,500</u>
ElderSource				
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	9/26/2023 - 4/15/2024	93.048	50,000	<u>50,000</u>
Total U.S. Department of Health and Human Services				<u>772,365</u>
U.S. Department of Housing and Urban Development				
Pass-through programs from:				
City of Palm Coast				
Community Development Block Grants	10/17/2023 - 10/16/2024	14.228	49,850	39,880
Community Development Block Grants	10/17/2022 - 10/16/2023	14.228	75,127	18,549
Community Development Block Grants	10/17/2023 - 10/16/2024	14.228	8,797	<u>2,080</u>
Total U.S. Department of Housing and Urban Development				<u>60,509</u>
Total expenditures of Federal Awards				<u>\$ 832,874</u>

FLAGLER CARES, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Organization under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Flagler Cares, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flow of Flagler Cares, Inc.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 DE MINIMIS INDIRECT COST RATE ELECTION

The Organization has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

NOTE 4 AWARD EXPENDITURES

There were no awards expended in the form of non-cash assistance, insurance, loan or loan guarantees during the year ended June 30, 2024.

NOTE 5 CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. If any expenditures are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability to the Organization.

NOTE 6 PASS-THROUGH AWARDS

The Organization received certain federal awards from pass-through awards from state and other funding agencies. The total amount of such pass-through awards is included in the Schedule of Expenditures of Federal Awards.

NOTE 7 SUBRECIPIENTS

The Organization has obtained and acted upon subrecipient audit reports, and these reports meet the requirements of the Uniform Guidance.

ABARE, KRESGE & ASSOCIATES CPAs, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors of
Flagler Cares, Inc.
Flagler Beach, FL

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 Flagler Cares, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, 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 December 2, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Flagler Cares, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Flagler Cares, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Flagler Cares, Inc.'s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Flagler Cares, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Abare, Kresge & Associates CPAs, LLC

St. Augustine, FL
December 2, 2024

ABARE, KRESGE & ASSOCIATES CPAs, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors of
Flagler Cares, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Flagler Cares, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Flagler Cares, Inc.'s major federal programs for the year ended June 30, 2024. Flagler Cares, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Flagler Cares, Inc.'s complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Adam, Krueger & Associates CPAs, LLC

St. Augustine, FL
December 2, 2024

FLAGLER CARES, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2024

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: *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 auditors' report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported
 in accordance with the Uniform Guidance? _____ Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
93.575	Child Care and Development Block Grant

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

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

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

FLAGLER CARES, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2024

There are no prior audit findings.