

Twin Oaks Juvenile Development, Inc.

FINANCIAL STATEMENTS

June 30, 2024



	Page
REPORT	
Independent Auditor's Report	1
FINANCIAL STATEMENTS	
Statement of Financial Position.....	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	9
Notes to Financial Statements	10
OTHER REPORTS	
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 <i>Government Auditing Standards</i>	26
Independent Auditor's Report on Compliance for Each Major Federal Program And Major State Project and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.650, Rules of the Auditor General	28
OTHER FINANCIAL INFORMATION	
Schedule of Expenditures of Federal Awards and State Financial Assistance.....	32
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance .	35
Schedule of Findings and Questioned Costs	37
Summary Schedule of Prior Year Audit Findings	52
Corrective Action Plan	55
INTERNAL CONTROL RECOMMENDATIONS	
Internal Controls	58
Internal Control Findings	59



REPORT





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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management
Twin Oaks Juvenile Development, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Twin Oaks Juvenile Development, Inc. (the Organization, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Substantial Doubt About the Entity's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. As discussed in Note 3 to the financial statements, the Organization has suffered significant losses from operations and has guaranteed debt of related parties where interest rates are variable that raise substantial doubt about the Organization's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.650, *Rules of the Auditor General* of the State of Florida, 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 and state financial assistance 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 August 31, 2026 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 effectiveness of 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Tallahassee, FL
August 31, 2026



FINANCIAL STATEMENTS



Twin Oaks Juvenile Development, Inc.
Statement of Financial Position

June 30,

2024

Assets

Current assets

Cash and cash equivalents	\$ 151,160
Certificate of deposit	51,000
Grants and contracts receivable, net of allowance for credit losses of \$0	4,187,687
Due from related parties	1,747,493
Prepaid expenses	1,308,205
Total current assets	7,445,545

Noncurrent assets

Property and equipment, net	2,450,211
Operating lease right-of-use assets, net	1,332,696
Deposits	109,000
Total noncurrent assets	3,891,907

Total assets	\$ 11,337,452
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Liabilities and Net Assets

Current liabilities

Cash overdraft	\$ 312,948
Accounts payable and accrued expenses	867,042
Due to related parties	1,180,359
Accrued salaries	1,996,479
Accrued leave	369,535
Borrowings on line of credit	431,503
Current portion of notes payable	1,768,797
Current portion of operating lease liabilities	565,890
Refundable advances	2,280,303
Total current liabilities	9,772,856

Noncurrent liabilities

Notes payable, less current portion	739,743
Operating lease liabilities, less current portion	795,934
Total noncurrent liabilities	1,535,677

Total liabilities	11,308,533
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Net assets without donor restrictions	28,919
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Total liabilities and net assets	\$ 11,337,452
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The accompanying notes are an integral part of this financial statement.

Twin Oaks Juvenile Development, Inc.
Statement of Activities

For the year ended June 30,

2024

Revenue and Other Support

Grants and contracts	\$ 40,510,086
Contributions in-kind	2,093,464
Education	1,020,074
Rent	25,115
Contributions	15,494
Interest	10,784
Other income	10,582

Total revenue and other support	43,685,599
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Expenses

Program services	44,962,170
Supporting services - general and administrative	2,099,586

Total expenses	47,061,756
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Change in net assets	(3,376,157)
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Net assets at beginning of year	3,405,076
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Net assets at end of year	\$ 28,919
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The accompanying notes are an integral part of this financial statement.

Twin Oaks Juvenile Development, Inc.
Statement of Functional Expenses

	Program Services							
	Juvenile Unit for Specialized Treatment	Developing Opportunities Through Vocational Education Academy	Project Connect	Escambia Connects	Kids Hope Alliance Jacksonville	Liberty County School Board Education	Waypoint South	Waypoint South Foster Care
<i>For the year ended June 30, 2024</i>								
Salaries and employee benefits	\$ 2,438,714	\$ 3,377,054	\$ 2,885,555	\$ 345,731	\$ 89,957	\$ 517,495	\$ 1,018,847	\$ 55,079
Occupancy	336,972	271,972	500,068	-	-	-	100,000	-
Management fees	94,786	77,752	104,343	-	-	5,212	158,658	-
Professional fees	95,170	156,399	201,006	22,154	7,500	10,771	11,666	-
Management fees in-kind	-	-	-	-	-	-	-	-
Insurance	143,212	139,990	201,088	24,175	1,679	23,395	58,834	-
Interest	15,975	14,713	14,941	2,595	1,995	-	9,735	1,633
Transportation	71,061	31,299	42,294	155	169	7,143	19,933	1,013
Student clothing, dorm, food	192,258	270,798	7,748	16,830	1,865	1,641	12,296	-
Telephone and utilities	57,816	85,925	85,256	9,316	1,455	(2,831)	90,815	14,589
Repairs and maintenance	50,141	90,605	58,605	10,902	-	(6,263)	97,487	-
Office	32,518	32,174	85,834	21,595	402	4,244	45,610	1,087
Travel	1,047	778	198,983	5,317	6,900	387	12,908	-
Equipment	63,085	22,091	28,542	4,058	41	-	60,073	22,493
Facilities supplies	3,443	33,455	12,842	514	-	-	16,300	-
Rent	-	-	200,438	23,100	3,613	-	-	-
Vocational supplies	11,866	2,491	-	-	-	-	-	-
Academic supplies	-	3,940	11,268	329	1,050	4,747	1,068	-
Depreciation and amortization	55,718	56,132	28,801	5,002	3,845	-	18,765	3,148
Training	2,936	4,400	3,472	6,075	-	786	482	-
Contactual services	7,723	4,352	220	-	464	-	4,468	1,135
Taxes	3,175	(623)	863	-	-	-	3,161	277
Total expenses	3,677,616	4,675,697	4,672,167	497,848	120,935	566,727	1,741,106	100,454
Administrative cost allocation	263,497	382,042	352,439	49,785	12,094	50,939	(413)	10,045
Total	\$ 3,941,113	\$ 5,057,739	\$ 5,024,606	\$ 547,633	\$ 133,029	\$ 617,666	\$ 1,740,693	\$ 110,499

The accompanying notes are an integral part of this financial statement.

Twin Oaks Juvenile Development, Inc.
Statement of Functional Expenses
(Continued)

Program Services									
<i>For the year ended June 30, 2024</i>	COVID-19 Learning Loss Initiative	Youth Work Experience Program	Apalachicola Forest Youth Camp	Twin Oaks Forensic Outpatient Services	Boys & Girls Club	Boys & Girls Club 21st Century	Twin Oaks Community Services	Harriet's Haven	
Salaries and employee benefits	\$ 340,960	\$ 194,384	\$ 4,674,720	\$ 808,326	\$ 652,257	\$ 708,798	\$ 4,343,252	\$ 2,421,502	
Occupancy	-	-	1,445,922	230,988	-	-	-	240,000	
Management fees	-	3,066	647,632	180,471	7,052	-	492,604	251,744	
Professional fees	97,513	555	270,512	868,068	4,210	-	9,158	25,990	
Management fees in-kind	-	-	-	-	-	-	-	-	
Insurance	85	11,735	278,442	87,889	30,587	-	175,673	94,533	
Interest	-	16,306	34,028	9,513	1,227	-	32,314	11,917	
Transportation	-	29,710	65,792	-	23,262	-	100,376	17,364	
Student clothing, dorm, food	-	73,820	326,254	-	68,840	2,108	15,307	198,933	
Telephone and utilities	-	4,412	89,798	68,060	4,872	2	52,952	59,186	
Repairs and maintenance	32,507	7,640	298,767	7,715	2,649	1,200	41,863	36,116	
Office	2,000	380	62,415	42,093	58,495	690	35,000	19,463	
Travel	-	-	4,442	98,860	3,273	1,101	31,594	3,611	
Equipment	-	360	103,828	-	-	-	485	30,686	
Facilities supplies	-	-	12,607	-	-	-	313	12,754	
Rent	-	-	-	27,764	-	-	26,714	18,439	
Vocational supplies	-	4,317	-	-	-	-	-	826	
Academic supplies	106,269	-	16	-	-	24,631	-	1,616	
Depreciation and amortization	-	31,434	86,767	18,338	2,366	-	62,293	53,477	
Training	-	-	7,734	105	2,675	-	7,458	5,727	
Contactual services	-	-	7,611	425	-	-	53	2,662	
Taxes	-	-	4,071	11	-	-	-	-	
Total expenses	579,334	378,119	8,421,358	2,448,626	861,765	738,530	5,427,409	3,506,546	
Administrative cost allocation	57,933	34,439	129,741	46,345	78,419	73,853	878	73,736	
Total	\$ 637,267	\$ 412,558	\$ 8,551,099	\$ 2,494,971	\$ 940,184	\$ 812,383	\$ 5,428,287	\$ 3,580,282	

The accompanying notes are an integral part of this financial statement.

Twin Oaks Juvenile Development, Inc.
Statement of Functional Expenses
(Continued)

	Program Services				Supporting Services	
	Waypoint North Trust	Waypoint North Shelter	Waypoint North Loyalty	Total Program	General and Administrative	Total Expenses
<i>For the year ended June 30, 2024</i>						
Salaries and employee benefits	\$ 1,031,068	\$ 1,595,501	\$ 70,848	\$ 27,570,048	\$ 449,656	\$ 28,019,704
Occupancy	355,167	547,305	27,528	4,055,922	-	4,055,922
Management fees	143,854	221,676	11,150	2,400,000	-	2,400,000
Professional fees	48,343	74,496	3,747	1,907,258	296,966	2,204,224
Management fees in-kind	-	-	-	-	2,093,464	2,093,464
Insurance	68,977	107,837	1,109	1,449,240	203,913	1,653,153
Interest	8,352	746	608	176,598	121,285	297,883
Transportation	7,811	43,402	508	461,292	105,117	566,409
Student clothing, dorm, food	62,019	95,570	4,807	1,351,094	-	1,351,094
Telephone and utilities	34,423	53,045	2,668	711,759	8,451	720,210
Repairs and maintenance	36,371	52,165	2,624	821,094	121,967	943,061
Office	10,696	17,912	900	473,508	112,591	586,099
Travel	144	221	11	369,577	69,990	439,567
Equipment	24,500	37,754	1,899	399,895	45,671	445,566
Facilities supplies	5,372	8,278	416	106,294	90	106,384
Rent	-	-	-	300,068	4,660	304,728
Vocational supplies	-	-	-	19,500	-	19,500
Academic supplies	-	-	-	154,934	-	154,934
Depreciation and amortization	14,311	1,437	1,173	443,007	149,739	592,746
Training	1,618	2,493	126	46,087	1,701	47,788
Contactual services	6,674	10,285	517	46,589	-	46,589
Taxes	-	-	-	10,935	1,796	12,731
Total expenses	1,859,700	2,870,123	130,639	43,274,699	3,787,057	47,061,756
Administrative cost allocation	27,731	43,169	799	1,687,471	(1,687,471)	-
Total	\$ 1,887,431	\$ 2,913,292	\$ 131,438	\$ 44,962,170	\$ 2,099,586	\$ 47,061,756

The accompanying notes are an integral part of this financial statement.

Twin Oaks Juvenile Development, Inc.

Statement of Cash Flows

For the year ended June 30,

2024

Operating Activities

Change in net assets	\$ (3,376,157)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation and amortization of property and equipment	592,746
Amortization of operating lease right-of-use assets, net	523,233
Changes in operating assets and liabilities:	
Grants and contracts receivable	(746,310)
Due from related parties	371,616
Prepaid expenses	(130,460)
Accounts payable and accrued expenses	47,372
Due to related parties	168,551
Accrued salaries	109,617
Accrued leave	58,898
Refundable advances	56,556
Operating lease liabilities	(518,574)

Net cash provided by (used in) operating activities	(2,842,912)
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Investing Activities

Purchases of property and equipment	(190,324)
Purchase of certificate of deposit	(51,000)

Net cash provided by (used in) investing activities	(241,324)
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Financing Activities

Payments on line of credit	(12,283)
Payments on notes payable	(497,908)
Cash overdraft	312,948

Net cash provided by (used in) financing activities	(197,243)
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Net change in cash and cash equivalents	(3,281,479)
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Cash and cash equivalents at beginning of year	3,432,639
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Cash and cash equivalents at end of year	\$ 151,160
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Supplemental Cash Flow Information

Cash paid for interest	\$ 297,883
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Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$ 575,787
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Schedule of Noncash Transactions

Lease liabilities arising from obtaining operating lease right-of-use assets	\$ 107,806
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Acquisition of financed vehicles	\$ 812,671
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The accompanying notes are an integral part of this financial statement.

Twin Oaks Juvenile Development, Inc. Notes to Financial Statements

Note 1: NATURE OF OPERATIONS

Established in 1998, Twin Oaks Juvenile Development, Inc. (the Organization) is a 501(c)(3), not-for-profit corporation that was incorporated in Florida for the sole purpose of providing a quality continuum of care to youth and their families. The Organization operates various programs to serve youth offenders in a variety of programs in Liberty, Madison and Jackson County. There are programs that provide services to juvenile offenders by providing them with a unique setting with a balanced approach to lead to successful and safe integration of the youth into the family and community as a responsible, productive and accountable citizen. Various services provide education and vocational opportunities. Programs also provide competency restoration services, and case management and community liaison services, for the purpose of restoring the juvenile's competency to proceed.

The Organization also operates or does business under the following names:

- Apalachicola Forest Youth Camp
- Twin Oaks Community Services
- Waypoint Charter Academy
- Gluestream America
- Waypoint Treatment Center
- Boys and Girls Club of Tabula Rasa

The following entities are considered related parties of the Organization:

- Liberty Wilderness Crossroads Camp, Inc. (LWCC): Owned and controlled by officers of the Organization
- Jackson Oaks, LLC (JO): Single member LLC, owned 100% by LWCC
- Twin Oaks Madison, LLC (TO-M): Single member LLC, owned 100% by LWCC
- Twin Oaks Facilities International, LLC (TOFI): Single member LLC, owned 100% by LWCC
- Compass Sleep Products, LLC (CSP): Single member LLC, owned 100% by LWCC

The Organization's programs consist of the following:

Apalachicola Forest Youth Camp (AFYC): Provides intensive competency restoration services to juveniles charged with delinquent acts or violations of law, which would be felonies if committed by an adult and who have been found incompetent to proceed to trial due to a mental illness or intellectual disabilities. Funding for this program is through the Florida Department of Children and Families (DCF).

Boys & Girls Club (B&G Club): Provides after-school activities, assistance with schoolwork, and educational field trips and events for youth. Funding for this program is through various grants from the Boys & Girls Club of America.

Boys & Girls Club 21st Century (21st Century): Provides academic enrichment opportunities for children during out-of-school time, including before-and after-school and over the summer, offering academic support and enrichment programs, social emotional learning, STEM activities, tutoring and physical activities. Funding for this program is through Florida Department of Education (DOE) grants through B&G Club.

Twin Oaks Juvenile Development, Inc. Notes to Financial Statements

Note 1: NATURE OF OPERATIONS (Continued)

COVID-19 Learning Loss Initiative: Provides evidence-based intervention strategies and programs addressing learning loss of students in DJJ schools as a result of COVID-19. Funding for this program is through a grant from DOE.

Developing Opportunities through Vocational Education (DOVE) Academy: Serves females, ages 15 to 18, in need of mental health or substance abuse treatment services in a non-secure residential commitment program. Funding for this program is through the Florida Department of Juvenile Justice (DJJ) and the Jackson County School Board.

Escambia Connects: Provides informal mental health support systems to children, youth, and families in Escambia County, Florida. Funding for this program is through the Escambia Children's Trust.

Harriet's Haven: Serves females in the foster care system in need of a residential placement. Funding for this program is through various Community Based Care (CBC) providers in Florida.

Juvenile Unit for Specialized Treatment (JUST): Provides residential mental health treatment program for adjudicated males between the ages of 13 and 17. Funding for this program is through DJJ.

Liberty County School Board (LCSB) Education: Provides all educational services for youth residing in the Organization's facilities located in Liberty County, Florida. Funding for this program is through the Liberty County School Board.

Kids Hope Alliance Jacksonville (KHA Jacksonville): Provides educational and vocational opportunities for youth in Jacksonville, Florida. Funding for this program is through a contract with Kids Hope Alliance in Jacksonville.

National School Lunch Program (NSLP): A federally assisted meal program which provides nutritionally balanced, low-cost or free breakfasts, lunches and snacks to children each school day.

Project Connect: Provides transitional services in DJJ's North Region to youth who are making the transition out of residential commitment programs back into their communities under conditional release or community probation. Funding for this program is through DJJ and the City of Jacksonville, Florida.

Twin Oaks Community Services (TOCS): Provides a full array of services to children who are at risk of being removed or have been removed from their homes as a result of abuse, neglect or abandonment, including case management, wraparound, adoption, and visitation services. Funding for this program is through various CBC providers in Florida.

Twin Oaks Forensic Outpatient Services (TOFOS): Provides competency restoration services to juveniles who have been charged with a felony prior to their 18th birthday and do not have the ability to participate in legal proceedings due to their mental illness, intellectual disability, or autism. Funding for this program is through DCF.

Twin Oaks Juvenile Development, Inc. Notes to Financial Statements

Note 1: NATURE OF OPERATIONS (Continued)

Waypoint North Trust: Serves males in the foster care system in need of a residential placement with a holistic response to histories of sexual dysfunction. Funding for this program is primarily through various CBC providers in Florida.

Waypoint North Loyalty: Serves males in the foster care system in need of a residential placement with a holistic response to youth who have stabilized from the Waypoint North Shelter and are still in need of long-term placement. Funding for this program is primarily through various CBC providers in Florida.

Waypoint North Shelter: Serves males in the foster care system in need of a residential placement with a holistic response to youth who have absconded from previous placements and are in need of immediate stabilization. These youth are only in the shelter for a short-term period. Funding for this program is primarily through various CBC providers in Florida.

Waypoint South: Serves refugee unaccompanied alien minors who have been separated from their families. With an emphasis on stopping human trafficking, the minors are housed until family members are located and can be reunited. Funding for this program is primarily through a grant from the U.S. Department of Health and Human Services.

Waypoint South Foster Care: Serves males in the foster care system in need of a residential placement with a holistic response to youth who have stabilized from the Waypoint North Shelter and are still in need of long-term placement.

Youth Work Experience Program (YWEP): Through a partnership with the Florida Department of Transportation (DOT), this program provides youth with an opportunity to gain real world work experience in a manner that facilitates prompting, redirection, and feedback from a supervisor in a controlled environment.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Twin Oaks Juvenile Development, Inc.

Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash, Cash Equivalents, and Cash Overdraft

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

Cash overdraft includes negative cash balances in bank accounts at the same financial institution where a right of offset exists.

Certificates of Deposit

Investments in non-negotiable certificates of deposit are recorded at cost, which approximates fair value. Certificates of deposit that mature less than one year from the statement of financial position date are presented as current.

Grants and Contracts Receivable

Grants and contracts receivable represent amounts owed to the Organization which are expected to be collected within twelve months and are presented in the statement of financial position net of the allowance for credit losses.

Allowance for Credit Losses

Management evaluates its receivables on an ongoing basis by analyzing customer relationships and previous payment histories. The allowance for credit losses is management's best estimate of the amount of expected credit losses in the existing accounts based on current market conditions. Historically, losses on uncollectible accounts have been within management's expectations. The allowance for credit losses is reviewed on a periodic basis to ensure there is sufficient reserve to cover any potential credit losses. When receivables are considered uncollectible, they are charged against the allowance for credit losses. Collections on accounts previously written off are included in the change in net assets as received. Management considers all accounts receivable to be fully collectable; therefore, no allowance for credit losses has been recorded. There were no credit losses for the year ended June 30, 2024.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method. Leasehold improvements for leases with third parties are amortized over the shorter of the estimated useful life or remaining term of the lease.

The State of Florida has a reversionary interest in those assets purchased with its funds which have a cost of \$1,000 or more and an estimated useful life of at least one year. The federal government has a reversionary interest in those assets purchased with its funds which have a cost of \$5,000 or more and an estimated useful life of at least one year.

Accrued Leave

The Organization compensates its employees for unused accrued paid time off upon termination of employment. The amount of the change in accrued leave for all employees from one year to the next is reported as an expense during the current year.

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities in the statement of financial position. ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term.

As most of the leases do not provide an implicit rate, management uses the risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The risk-free rate used is the U.S. Treasury bill rate as of the later of the date of adoption of ASC 842 or the lease commencement date, for the U.S. Treasury bill period that approximates the lease period. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

In evaluating contracts to determine if they qualify as a lease, management considers factors such as if the Organization has obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (continued)

The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Management has elected to apply the short-term lease exemption to all classes of underlying assets, to leases with a total contract term of 12 months or less (including options to extend that are reasonably certain to be taken), and month-to-month leases with no significant termination penalties.

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity. There are no net assets with donor restrictions as of June 30, 2024.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Contributions with donor restrictions that are both received and released within the same year are recorded as net assets without donor restrictions.

Revenue Recognition

Grants and contracts and education revenue are considered to be contributions. Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly removed the conditions. Unrecognized conditional contributions are included in refundable advances in the statement of financial position. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Twin Oaks Juvenile Development, Inc.

Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to payroll, payroll taxes, and employee benefits are allocated based on actual percentages or estimates of time spent in each functional area. Expenses that benefit more than one program are allocated based on using bases most appropriate to the particular cost being allocated. Expenses that benefit all programs are allocated based on the total of other expenses for each program.

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, the Organization is exempt from taxes on income other than unrelated business income. There was no unrelated business income for the year ended June 30, 2024.

The Organization utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of FASB ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than- not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2024, the Organization has no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Advertising

Advertising costs are charged to operations as incurred. Advertising expense for the year ended June 30, 2024 was \$100,533.

Interest

Interest costs are charged to expense as incurred.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, August 31, 2026. See Note 6 for subsequent renewals of the line of credit and Note 13 for subsequent refinancing of guaranteed debt of related parties. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements

Accounting Standards Update 2016-13

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses* (ASC 326): *Measurement of Credit Losses on Financial Instruments*, which is often referred to as the CECL model, or current expected credit losses. Among other things, the amendments in this ASU require the measurement of all expected credit losses for financial statements held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. Many of the loss estimation techniques applied today will still be permitted, although the inputs to those techniques will change to reflect the full amount of expected credit losses. In addition, the ASU amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. The Organization adopted ASU 2016-13 effective July 1, 2023. The impact of the adoption is not considered material to the financial statements and primarily resulted in enhanced disclosures only as included in the allowance for credit losses policy.

Note 3: GOING CONCERN

The Organization has suffered significant losses from operations and has guaranteed debt of related parties where interest rates are variable that raise substantial doubt about the Organization's ability to continue as a going concern. In February 2025, the related party debt was refinanced and consolidated for a longer term through March 2050. The Organization is still a guarantor of the refinanced debt. In April 2026, management entered into a contract with an investor to receive funds for a project to advance their vocational program which will allow the related party debt to be paid off and release the Organization as a guarantor. During fiscal years 2025 and 2026 LWCC loaned funds to the Organization to assist with cash flows and several members of management, other employees, and others contributed approximately \$6.8 million to the Organization. Management has also signed or intends to sign new grant agreements to provide additional program funding. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Management acknowledges that uncertainty remains over the ability of the Organization to meet its current financial obligations as they become due and to refinance or repay the notes as they mature.

Note 4: LIQUIDITY AND AVAILABILITY

The Organization maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as its expenditures come due.

The Organization is principally supported by grants and contracts. The goal of the Organization is to maintain available financial assets to meet its next 90 days of operating expenses of approximately \$11,700,000. In the event of unanticipated liquidity needs, the Organization can draw on its line of credit.

See Notes 6 and 7 for information on cross-default and loan covenants.

Twin Oaks Juvenile Development, Inc.
Notes to Financial Statements

Note 4: LIQUIDITY AND AVAILABILITY (Continued)

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

<i>For the year ended June 30,</i>	<i>2024</i>
Total assets at year end	\$ 11,337,452
Less non-financial assets	
Prepaid expenses	(1,308,205)
Property and equipment, net	(2,450,211)
Operating lease right-of-use assets	(1,332,696)
Deposits	(109,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 6,137,340

Note 5: PROPERTY AND EQUIPMENT

Property and equipment, net, consists of the following:

<i>June 30,</i>	<i>Estimated useful lives (in years)</i>	<i>2024</i>
Vehicles	3 - 6	\$ 2,282,462
Leasehold improvements	10 - 39	1,109,660
Furniture and equipment	5 - 7	437,261
Land	not depreciated	133,777
Total property and equipment		3,963,160
Less accumulated depreciation and amortization		(1,512,949)
Property and equipment, net		\$ 2,450,211

Depreciation and amortization expense was \$122,017 for the year ended June 30, 2024.

Note 6: LINE OF CREDIT

The Organization maintains a line of credit agreement with a financial institution. Available borrowings under the agreement are \$500,275, with an interest rate of 8.25% (or 14.00% if the Organization is in default), secured by personal guaranty of the officers of the Organization. The outstanding balance was \$431,503 at June 30, 2024. Interest expense related to the line of credit totaled \$41,897 for the year ended June 30, 2024. The agreement expires in January 2025 and renews annually. The line of credit was subsequently renewed for two additional annual terms through January 2027.

Twin Oaks Juvenile Development, Inc.
Notes to Financial Statements

Note 6: LINE OF CREDIT (Continued)

A default is considered to occur under this agreement if the Organization defaults under any other agreement in favor of any other creditor or person that may materially affect any of the Organization's property or ability to repay this note or perform its obligations under this note or any of the related documents, or if a default occurs under any other mortgage, deed of trust, or security agreement covering any or all of a portion of the collateral under this agreement. There was no default during the year ended June 30, 2024.

Note 7: NOTES PAYABLE

Notes payable consist of the following:

<i>June 30,</i>	<i>2023</i>
7.20% note payable to premium finance company, \$127,562 principal and interest paid monthly through April 2025. See additional information in the Insurance Finance Agreement section below.	\$ 1,231,180
6.42% installment note payable to financing company, \$1,466 principal and interest paid monthly through April 2025. The loan is collateralized by certain equipment.	12,848
6.42% installment note payable to financing company, \$2,905 principal and interest paid monthly, through April 2025. The loan is collateralized by certain equipment.	25,501
6.42% installment note payable to financing company, \$3,651 principal and interest paid monthly through April 2025. The loan is collateralized by certain equipment.	32,006
Various notes payable to banks or financing companies for purchases of vehicles, total of \$981 - \$52,403 principal and interest paid monthly through July 2024 - September 2029. The loans are collateralized by the related vehicles.	1,207,005
Total notes payable	2,508,540
Less current portion	(1,768,797)
Notes payable, less current portion	\$ 739,743

Interest expense related to the notes payable totaled \$255,986 for the year ended June 30, 2024.

The net book value of equipment and vehicles that collateralize notes payable totaled \$1,287,476 at June 30, 2024.

Twin Oaks Juvenile Development, Inc.
Notes to Financial Statements

Note 7: NOTES PAYABLE (Continued)

Principal maturities for each remaining year of the notes follow:

For the years ending June 30,

2025	\$ 1,768,797
2026	328,282
2027	268,462
2028	119,898
2029	19,358
Thereafter	3,743
Total future minimum principal payments	\$ 2,508,540

Insurance Finance Agreement

The Organization has obtained a short-term note payable with a premium finance company to finance certain annual insurance policy premiums. The policies are for an annual period starting June 1, 2024 at a total cost of \$1,344,725 and total finance charge of \$44,441. The terms of the agreement include a \$115,995 down payment with the remaining balance to be paid over 10 months starting in July 2024. The agreement is collateralized by an assignment in all right, title and interest to the insurance policies, including all money that is or may be due to the Organization because of a loss that reduces the unearned premiums, any unearned premiums, dividends, and interest arising under a state guarantee fund. The offsetting prepaid insurance balance at June 30, 2024 is included in prepaid expenses in the statement of financial position. Interest expense related to this note payable is included in insurance expense in the statement of functional expenses.

Cross-Default

Under the terms of the 6.42% installment notes payable, a default is considered to occur if the Organization defaults under any other agreement with the same lender. There was no default during the year ended June 30, 2024.

Covenants

Under the terms of the 6.42% installment notes payable, the Organization must furnish the lender with quarterly financial statements within 45 days after the end of each quarter and audited financial statements within 90 days after the end of each fiscal year.

The Organization was not in compliance with these reporting requirements as the financial institutions did not request the reports, and waivers were not obtained. However, all of these notes were paid off subsequent to year-end and were not defaulted on or called early, so reclassification of the noncurrent portion to current in the statement of financial position is not necessary.

Twin Oaks Juvenile Development, Inc.
Notes to Financial Statements

Note 8: OPERATING LEASES

The Organization has operating leases for office space, camera equipment, and office equipment. These leases have remaining lease terms of one to thirteen years. The Organization also has operating leases for real property and facilities, office space, and vehicles which are considered short-term.

Lease expenses, which are included in occupancy, equipment, and rent in the statement of functional expenses, are as follows:

<i>For the year ended June 30,</i>	<i>2024</i>
Operating lease cost	\$ 580,503
Short-term lease cost	\$ 4,140,375

Other information related to leases is as follows:

<i>For the year ended June 30,</i>	<i>2024</i>
Right-of-use assets obtained in exchange for lease obligations	
Operating leases	\$ 107,806
Weighted average remaining lease term	
Operating leases	3.18 years
Weighted average discount rate	
Operating leases	3.58%

Future minimum lease payments under non-cancellable leases as of June 30, 2024 are as follows:

<i>For the years ending June 30,</i>	<i>Operating Leases</i>
2025	\$ 567,699
2026	455,219
2027	270,305
2028	92,896
2029	12,477
Thereafter	46,000
Total future minimum lease payments	1,444,596
Less imputed interest	(82,772)
Present value of lease liabilities	\$ 1,361,824

Twin Oaks Juvenile Development, Inc.
Notes to Financial Statements

Note 8: OPERATING LEASES (Continued)

Balances are presented in the statement of financial position as follows:

<i>June 30,</i>	<i>2024</i>
Current portion of operating lease liabilities	\$ 565,890
Operating lease liabilities, less current portion	795,934
Total	\$ 1,361,824

See Note 13 for information on these operating leases with related parties.

Note 9: REFUNDABLE ADVANCES

Refundable advances include unspent grant funds received for the following programs:

<i>For the year ended June 30,</i>	<i>2024</i>
Waypoint South	\$ 2,197,026
TOCS	39,690
Refundable advances	\$ 2,236,716

Note 10: CONTRIBUTIONS OF NON-FINANCIAL ASSETS

The Organization receives donated management services from LWCC. All donated services were utilized by the Organization's programs and supporting services. These donated services are included in management fees in-kind and allocated to programs in the administrative cost allocation in the statement of functional expenses. There were no donor-imposed restrictions associated with the contributed services.

Donated management services are valued at 10% of the Organization's gross expenses, less the portion of management fees paid to LWCC.

Note 11: 401(K) PROFIT SHARING RETIREMENT PLAN

The Organization sponsors a single-employer retirement plan (the Plan). The Plan is a defined contribution prototype plan and trust covering substantially all employees of the Organization. Participants who have attained the age of 21 and have completed at least six months of service are eligible for salary deferral contributions. The Plan is subject to the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Twin Oaks Juvenile Development, Inc.
Notes to Financial Statements

Note 11: 401(K) PROFIT SHARING RETIREMENT PLAN (Continued)

Each year, participants may contribute up to 100% of pretax and post-tax annual compensation including bonuses, as defined by the Plan. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. Participants who have attained the age of 50 before the end of the Plan year are eligible to make catch-up contributions. The Organization may contribute matching contributions to the Plan. The Organization elected to make matching contributions of the participant's elective deferral contributions to the Plan during the year ended June 30, 2024. The matching contribution equals 25% on the first 6% of the Participant's compensation. Participants direct the investment of their contributions and the Organization's contribution into various investment options offered by the Plan. Contributions are subject to certain limitations.

Participants are vested immediately in their contributions plus actual earnings thereon. Participants are vested in the Organization's matching portion of their accounts based on years of service. A participant is fully vested after two years of credited service. Participants become immediately 100% vested in the Organization's contribution portion of their accounts upon death or disability.

The Organization's retirement expense for the year ended June 30, 2024 was \$79,943.

Note 12: CONCENTRATIONS

The Organization maintains cash deposits with several financial institutions. The Organization has no policy requiring collateral or other security to support its deposits, although all demand deposits with the financial institutions are Federally insured up to FDIC limits. Cash deposits did not exceed FDIC limits as of June 30, 2024.

The Organization receives a substantial amount of its funding through the Florida Department of Children and Families, Florida Department of Juvenile Justice, and Big Bend Community Based Care, Inc., d/b/a NWF Health Network. Revenue from these entities made up \$29,040,811, or 66%, of total revenue and other support for the year ended June 30, 2024. Additionally, \$2,810,534, or 67%, of the grants and contracts receivable balance at June 30, 2024 is due from these entities. A significant reduction in the level of this funding, if it were to occur, could have an adverse effect on the Organization's programs and activities.

Note 13: RELATED PARTY TRANSACTIONS

Due to/from related parties

The balances due to/from related parties are as follows:

<i>June 30, 2024</i>	LWCC		JO		TO-M		TOFI		CSP		Officers and Employees	Total	
Due from related parties	\$	323,599	\$	-	\$	-	\$	1,141,293	\$	282,601	\$	-	\$ 1,747,493
Due to related parties	\$	-	\$	625,476	\$	468,000	\$	-	\$	-	\$	86,883	\$ 1,180,359

Twin Oaks Juvenile Development, Inc.
Notes to Financial Statements

Note 13: RELATED PARTY TRANSACTIONS (Continued)

Operating Leases

The Organization annually leases real property and facilities from LWCC, JO, and TO-M which had been sold to these entities by the Organization in a previous year. These leases are accounted for as operating leases and are considered short-term. Lease expense to related parties is as follows:

<i>For the year ended June 30, 2024</i>	LWCC	JO	TO-M	Total
Short-term lease cost	\$ 1,445,922	\$ 1,580,000	\$ 1,030,000	\$ 4,055,922

Management Services

The Organization retains the management services of LWCC. Management fees are calculated at 10% of the Organization's gross expenses. Total management fees for the year ended June 30, 2024 were \$4,493,464. The portion of these fees paid to LWCC is \$2,400,000, and the remaining \$2,093,464 is considered donated services. See Note 10 for contributions of non-financial assets.

Guarantees

The Organization has fully and unconditionally guaranteed the debt for the following related parties:

- LWCC for the purchase of real property in a variable rate USDA loan dated December 20, 2017 for \$9,660,000, with an outstanding principal balance of \$8,169,680 at June 30, 2024. The loan is payable in monthly installments of \$69,686 of principal and interest. The term of the guarantee is through January 2038. This loan is partially collateralized by the Organization's accounts receivable which have a net book value of \$4,187,687 at June 30, 2024.
- JO for the purchase of real property in a variable rate USDA loan dated December 20, 2017 for \$9,625,000, with an outstanding principal balance of \$8,088,227 at June 30, 2024. The loan is payable in monthly installments of \$69,434 of principal and interest. The term of the guarantee is through January 2038. This loan is partially collateralized by the Organization's accounts receivable which have a net book value of \$4,187,687 at June 30, 2024.
- JO for the purchase of real property in a variable rate USDA loan dated June 18, 2020 for \$4,882,000, with an outstanding principal balance of \$4,480,239 at June 30, 2024. The loan is payable in monthly installments of \$30,894 of principal and interest. The term of the guarantee is through June 2041.
- TO-M for the purchase of real property, equipment, and working capital in a variable rate USDA loan dated November 21, 2023 for \$5,940,000, with an outstanding principal balance of \$5,917,521 at June 30, 2024. The loan is payable in monthly installments of \$43,750 of principal and interest. The term of the guarantee is through June 2048.

Twin Oaks Juvenile Development, Inc.
Notes to Financial Statements

Note 13: RELATED PARTY TRANSACTIONS (Continued)

At any time through each loan's maturity date, should LWCC, JO, or TO-M be delinquent on debt payments or default, the Organization will be obligated to perform under the guarantee by primarily making required payments, including late fees and penalties.

In February 2025, subsequent to year-end, all of the related party debt was refinanced and consolidated for a longer term through March 2050. The Organization is still a guarantor of the refinanced debt.

Note 14: CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government and the State of Florida. Any disallowed claims, including amounts already collected, may constitute a liability of the Organization. In January 2023, the Organization received a notice from the U.S. Department of Health and Human Services, Administration of Children and Families (ACF) that certain costs claimed under grant 90ZU0362 for the Unaccompanied Alien Children Program were potentially disallowed. In November 2023 a follow-up notice was received from ACF with updated disallowed costs for this grant totaling \$1,247,782. In February 2024 the Organization sent an appeal to ACF through its attorney asserting that \$1,239,358 of the disallowed costs should be considered allowable. As of the date of the audit report, ACF has not yet made a decision on the case.

See Note 13 for guaranteed debt of related parties.



OTHER REPORTS



**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
Twin Oaks Juvenile Development, 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 Twin Oaks Juvenile Development, Inc. (the Organization, 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 August 31, 2026.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned as items 2024-001, 2024-002, and 2024-003 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-005 to be a significant deficiency.

Report on Compliance and Other Matters

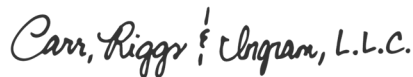
As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2024-004, 2024-006, and 2024-007.

Twin Oaks Juvenile Development, Inc.'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



CARR, RIGGS & INGRAM, L.L.C.

Tallahassee, FL
August 31, 2026

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL**

To the Board of Directors
Twin Oaks Juvenile Development, Inc.

Report on Compliance for Each Major Federal Program and Major State Project

Qualified and Unmodified Opinions

We have audited Twin Oaks Juvenile Development, Inc.'s (the Organization, a nonprofit organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and identified as applicable in the Florida Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs and major state project for the year ended June 30, 2024. The Organization's major federal programs and major state project are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Assistance Listing Number 93.676 – Unaccompanied Alien Children Program

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on ALN 93.676 – Unaccompanied Alien Children Program for the year ended June 30, 2024.

Unmodified Opinion on the Other Major Federal Program and Major State Project

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its other major federal program and major state project identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2024.

Basis for Qualified and Unmodified Opinions

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 the audit requirements of Chapter 10.650, *Rules of the Auditor General* of the State of Florida (Rules of the Auditor General). Our responsibilities under those standards, the Uniform Guidance, and the Rules of the Auditor General are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Matters Giving Rise to Qualified Opinion on Assistance Listing Number 93.676 – Unaccompanied Alien Children Program

As described in the accompanying schedule of findings and questioned costs, the Organization did not comply with requirements regarding Assistance Listing Number 93.676 – Unaccompanied Alien Children Program as described in finding numbers 2024-006 for Cash Management, and 2024-007 for Reporting. Compliance with such requirements is necessary, in our opinion, for the Organization to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and the Rules of the Auditor General and which is described in the accompanying schedule of findings and questioned costs as item 2024-008. Our opinion on each major federal program and major state project is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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 project 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 or state project will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-006 and 2024-007 to be material weaknesses.

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 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-005, 2024-008, 2024-009, 2024-010, 2024-011, 2024-012, and 2024-013 to be significant deficiencies.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 the Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Tallahassee, FL
August 31, 2026



OTHER FINANCIAL INFORMATION



Twin Oaks Juvenile Development, Inc.
Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2024
(Continued)

Federal/State Agency Program/Project Title Pass-Through Entity	Assistance Listing/ CSFA Number	Contract Number	Expenditures	State match funds	Funds provided to subrecipients
FEDERAL AWARDS					
U.S. Department of Health and Human Services					
Unaccompanied Alien Children Program	93.676				
Passed through Liberty Wilderness Crossroads Camp		90ZU0501	1,598,729	-	-
Total Unaccompanied Alien Children Program			1,598,729	-	-
Foster Care - Title IV-E	93.658				
Passed through Big Bend Community Based Care, Inc., dba NWF Health Network		0299-22, C0900	798,023	767,932	
Passed through Brevard Family Partnership		PCM783	956	694	-
Passed through Children's Network of Hillsborough		C0900	765	555	-
Passed through Childrens Network of Southwest Florida Social Services		PCM783, PCM788, C0900	127,242	92,292	-
Passed through Communities Connected for Kids		PCM783, C0900	75,693	54,902	-
Passed through Community Partnership for Children		PCM783, PCM788, C0900	128,023	92,875	-
Passed through Embrace Families, Inc.		PCM783, PCM788, C0900	79,739	-	-
Passed through Family Partnerships of Central Florida		PCM788, C0900	21,358	15,492	-
Passed through Family Support Services of North Florida		PCM788, C0900	46,664	33,847	-
Passed through Family Support Services of Suncoast		PCM788, C0900	90,652	65,753	-
Passed through Heartland for Children		PCM788, C0900	66,838	48,482	-
Passed through Kids Central, Inc.		PCM783, PCM788, C0900	70,111	50,854	-
Passed through Partnership for Strong Families		PCM783, PCM788, C0900	321,852	233,448	-
Passed through Safe Children Coalition, Inc.		PCM788, C0900	116,281	63,741	-
Total Foster Care - Title IV-E			1,944,197	1,520,867	-
Promoting Safe and Stable Families	93.556				
Passed through Big Bend Community Based Care, Inc., dba NWF Health Network		0299-22	213,734	2,884	-
Passed through Community Partnership for Children		PCM783, PCM788, C0900	1	-	-
Passed through Embrace Families, Inc.		PCM783, PCM788, C0900	6,277	-	-
Passed through Family Partnerships of Central Florida		PCM788, C0900	33,825	-	-
Passed through Partnership for Strong Families		PCM783, PCM788, C0900	62,645	-	-
Passed through Safe Children Coalition, Inc.		PCM788	61,071	-	-
Total Promoting Safe and Stable Families			377,553	2,884	-
Temporary Assistance for Needy Families	93.558				
Passed through Big Bend Community Based Care, Inc., dba NWF Health Network		0299-22	934,208	169,818	-
Passed through Community Partnership for Children		PCM783, PCM788, C0900	77	15	-
Total Temporary Assistance for Needy Families			934,285	169,833	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645				
Passed through Big Bend Community Based Care, Inc., dba NWF Health Network		0299-22	111,146	37,049	-
Passed through Community Partnership for Children		PCM783, PCM788, C0900	9	3	-
Total Stephanie Tubbs Jones Child Welfare Services Program			111,155	37,052	-
Adoption Assistance - Title IV-E	93.659				
Passed through Big Bend Community Based Care, Inc., dba NWF Health Network		0299-22	506,475	506,302	-
Passed through Community Partnership for Children		PCM783, PCM788, C0900	7	7	-
Total Adoption Assistance - Title IV-E			506,482	506,309	-
Social Services Block Grant	93.667				
Passed through Florida Department of Children and Families		LH776	489,540	-	-
Passed through Heartland for Children		PCM788, C0900	-	787	-
Passed through Partnership for Strong Families		PCM783, PCM788, C0900	676	-	-
Total Social Services Block Grant			490,216	787	-
Medicaid Cluster					
Medical Assistance Program (Medicaid; Title XIX)	93.778				
Passed through Big Bend Community Based Care, Inc., dba NWF Health Network		0299-22	7,642	7,642	-
Passed through Community Partnership for Children		PCM783, PCM788, C0900	1	1	-
Total Medical Assistance Program (Medicaid; Title XIX)			7,643	7,643	-
Block Grants for Community Mental Health Services	93.958				
Passed through Florida Department of Children and Families		LH776	-	9,850,487	-
Passed through Big Bend Community Based Care, Inc., dba NWF Health Network		C0801	165,997	606,487	-
Total Block Grants for Community Mental Health Services			165,997	10,456,974	-
To be tested pursuant to OCA activity	93.U01				
Passed through Big Bend Community Based Care, Inc., dba NWF Health Network		0299-22	-	658,632	-
Passed through Community Partnership for Children		PCM783, PCM788, C0900	-	40	-
Passed through Heartland for Children		PCM788, C0900	-	2,397	-
Passed through Partnership for Strong Families		PCM783, PCM788, C0900	-	224	-
Total to be tested pursuant to OCA activity			-	661,293	-
CCDF Cluster					
COVID-19: Child Care Development Block Grant	93.575				
Passed through Boys and Girls Club		N/A	206,129	-	-
Total U.S. Department of Health and Human Services			6,342,386	13,363,642	-

Twin Oaks Juvenile Development, Inc.

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year Ended June 30, 2024

(Continued)

Federal/State Agency Program/Project Title Pass-Through Entity	Assistance Listing/ CSFA Number	Contract Number	Expenditures	State match funds	Funds provided to subrecipients
U.S. Department of Education					
Twenty-First Century Community Learning Centers	84.287C				
Passed through Florida Department of Education		403-2443B-3P001	39,884	-	-
Passed through Florida Department of Education		403-2443B-3P002	17,940	-	-
Passed through Florida Department of Education		403-2443B-3P003	39,884	-	-
Passed through Florida Department of Education		403-2443B-3P004	3,657	-	-
Passed through Florida Department of Education		403-2443B-4P001	207,208	-	-
Passed through Florida Department of Education		403-2443B-4P002	115,949	-	-
Passed through Florida Department of Education		403-2443B-4P003	195,539	-	-
Passed through Florida Department of Education		403-2443B-4P004	146,942	-	-
Total Twenty-First Century Community Learning Centers			767,003	-	-
COVID-19: American Rescue Plan—Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U				
Passed through Florida Department of Education		M0025	465,917	-	-
Total U.S. Department of Education			1,232,920	-	-
U.S. Department of Agriculture					
Child Nutrition Cluster					
National School Lunch Program	10.555				
Passed through Florida Department of Agriculture and Consumer Services		18301	219,775	-	-
School Breakfast Program	10.553				
Passed through Florida Department of Agriculture and Consumer Services		18301	115,585	-	-
Total Child Nutrition Cluster			335,360	-	-
Child and Adult Care Food Program	10.558				
Passed through the Florida Department of Health		I-035-11	41,223	-	-
SNAP Cluster					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561				
Passed through Big Bend Community Based Care, Inc., dba NWF Health Network		0299-22	1,528	1,528	-
Total U.S. Department of Agriculture			378,111	1,528	-
U.S. Department of Justice					
Juvenile Mentoring Program	16.726				
Passed through Boys and Girls Club		OJJP 2022-51035	23,939	-	-
Passed through Boys and Girls Club		OJJP 2022-51036	46,730	-	-
Passed through Boys and Girls Club		OJJP 2022-51037	43,484	-	-
Passed through Boys and Girls Club		OJJP 2022-51038	17,551	-	-
Passed through Boys and Girls Club		OJJP 2022-51039	14,771	-	-
Passed through Boys and Girls Club		OJJP 2023-52471	13,311	-	-
Passed through Boys and Girls Club		OJJP 2023-52472	57,823	-	-
Passed through Boys and Girls Club		OJJP 2023-52473	42,369	-	-
Passed through Boys and Girls Club		OJJP 2023-52474	9,483	-	-
Passed through Boys and Girls Club		OJJP 2023-52475	7,193	-	-
Total U.S. Department of Justice			276,654	-	-
Total expenditures of federal awards			\$ 8,230,071	\$ 13,365,170	\$ -

Twin Oaks Juvenile Development, Inc.
Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2024
(Continued)

Federal/State Agency Program/Project Title Pass-Through Entity	Assistance Listing/ CSFA Number	Contract Number	Expenditures	State match funds	Funds provided to subrecipients
STATE FINANCIAL ASSISTANCE					
Florida Department of Children and Families					
Out-of-Home Supports	60.074				
Passed through Big Bend Community Based Care, Inc., dba NWF Health Network		C0900	252,758	-	-
Passed through Brevard Family Partnership		PCM783	43,470	-	-
Passed through Children's Network of Hillsborough		C0900	132,660	-	-
Passed through Childrens Network of Southwest Florida Social Services		PCM783, PCM788, C0900	266,245	-	-
Passed through Communities Connected for Kids		PCM783, C0900	340,435	-	-
Passed through Community Partnership for Children		PCM783, PCM788, C0900	554,735	-	-
Passed through Embrace Families, Inc.		PCM783, PCM788, C0900	140,827	-	-
Passed through Family Support Services of North Florida, Inc.		PCM783, PCM788, C0900	348,369	-	-
Passed through Family Support Services of Suncoast		PCM788, C0900	235,249	-	-
Passed through Heartland for Children		PCM788, C0900	239,300	-	-
Passed through Kids Central, Inc.		PCM783, PCM788, C0900	563,450	-	-
Passed through Partnership for Strong Families		PCM783, PCM788, C0900	472,955	-	-
Passed through Safe Children Coalition, Inc.		PCM788, C0900	84,702	-	-
Total Out-of-Home Supports			3,675,155	-	-
Extended Foster Care Program	60.141				
Passed through Children's Network of Southwest Florida		PCM783, PCM788, C0900	330	-	-
Substance Abuse and Mental Health-Community Services	60.153				
Passed through Florida Alliance of Boys & Girls Clubs		N/A	70,889	-	-
Early Childhood Court Case Management & Prevention	60.225				
Passed through Big Bend Community Based Care, Inc., dba NWF Health Network		0299-22	67,088	-	-
Total Florida Department of Children and Families			3,813,462	-	-
Florida Department of Juvenile Justice					
Delinquency Prevention	80.029				
Passed through Florida Alliance of Boys & Girls Clubs		N/A	100,183	-	-
Total Florida Department of Juvenile Justice			100,183	-	-
Florida Department of Education					
School and Instructional Enhancement Programs	48.040				
Passed through Florida Alliance of Boys & Girls Clubs		N/A	37,203	-	-
Mentoring/Student Assistance Initiative Program	48.068				
Passed through Florida Alliance of Boys & Girls Clubs		N/A	71,348	-	-
Total Florida Department of Education			108,551	-	-
Total expenditures of state financial assistance			\$ 4,022,196	\$ -	\$ -
Total expenditures of federal awards and state financial assistance			\$ 12,252,267	\$ 13,365,170	\$ -

Twin Oaks Juvenile Development, Inc.
Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2024

Note 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal awards and state financial assistance activity of Twin Oaks Juvenile Development, Inc. (the Organization). The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, *Rules of the Auditor General* of the State of Florida (Rules of the Auditor General). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note 2: BASIS OF ACCOUNTING

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

Note 3: INDIRECT COSTS

The Organization has elected to use the de minimis indirect cost rate as allowed under Uniform Guidance.

Note 4: NONCASH ASSISTANCE

The Organization did not receive any federal or state noncash assistance for the year ended June 30, 2024.

Note 5: FEDERALLY FUNDED INSURANCE

The Organization did not receive federally funded insurance during the fiscal year ended June 30, 2024.

Note 6: FEDERALLY FUNDED LOANS

The Organization has no federally funded loans as of June 30, 2024. No funds were expended in the form of loan or loan guarantees during the fiscal year ended June 30, 2024.

Twin Oaks Juvenile Development, Inc.
Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2024

Note 7: CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government and the State of Florida. Any disallowed claims, including amounts already collected, may constitute a liability of the Organization. In January 2023, the Organization received a notice from the U.S. Department of Health and Human Services, Administration of Children and Families (ACF) that certain costs claimed under grant 90ZU0362 for the Unaccompanied Alien Children Program were potentially disallowed. In November 2023 a follow-up notice was received from ACF with updated disallowed costs for this grant totaling \$1,247,782. In February 2024 the Organization sent an appeal to ACF through its attorney asserting that \$1,239,358 of the disallowed costs should be considered allowable. As of the date of the audit report, ACF has not yet made a decision on the case.

Twin Oaks Juvenile Development, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditor’s report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Noncompliance material to the financial statements noted? | Yes |

Federal Awards:

- | | |
|--|----------------------|
| 1. Type of auditor’s report issued | Unmodified/Qualified |
| 2. Internal control over major programs: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | Yes |

4. Identification of major programs:

ALN	Federal Program
93.558	Temporary Assistance for Needy Families
93.658	Foster Care - Title IV-E
93.676	Unaccompanied Alien Children Program
84.287C	Twenty-First Century Community Learning Centers

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee under 2 CFR 200.520? | No |

State Financial Assistance:

- | | |
|---|------------|
| 1. Type of auditor’s report issued on compliance for major projects | Unmodified |
| 2. Internal control over major projects: | |

Twin Oaks Juvenile Development, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024
(Continued)

- | | | | | | |
|--|----------------------|---------------|--------|----------------------|--|
| a. Material weaknesses identified? | No | | | | |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes | | | | |
| 3. Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650, <i>Rules of the Auditor General</i> ? | Yes | | | | |
| 4. Identification of major projects: | | | | | |
| <table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center; border-bottom: 1px solid black;">CSFA Number</td> <td style="text-align: center; border-bottom: 1px solid black;">State Project</td> </tr> <tr> <td style="text-align: center;">60.074</td> <td style="text-align: center;">Out-of-Home Supports</td> </tr> </table> | CSFA Number | State Project | 60.074 | Out-of-Home Supports | |
| CSFA Number | State Project | | | | |
| 60.074 | Out-of-Home Supports | | | | |
| 5. Dollar threshold used to distinguish between type A and type B projects: | \$750,000 | | | | |

SECTION II – FINANCIAL STATEMENT FINDINGS

2024-001: AUDIT ADJUSTMENTS

Repeat of finding 2022-001, 2023-001

Finding Type: Material Weakness in Internal Controls over Financial Reporting

Criteria: The Codification of Statements on Auditing Standards AU-C 315 states that it is the responsibility of management to establish and maintain internal control on an ongoing basis to ensure financial reporting objectives are achieved. Additionally, the Financial Accounting Standards Board (FASB) requires that not-for-profit entities maintain their accounting records and prepare financial statements in accordance with generally accepted accounting principles (GAAP).

Condition: Adjustments were proposed during the audit in order to present the financial statements in accordance with GAAP which are material in the aggregate.

Cause: The Organization's books and records were not completely and appropriately reconciled, a detailed review was not performed on the balances and transactions, spending under certain grants was not appropriately tracked, certain expenses were recorded in the incorrect period, uncollectible receivables were not identified and written off, and vehicle assets and loans in the Organization's name were recorded on a related party's books rather than on the Organization's books.

Effect: Adjustments were proposed to correct and properly state the affected balances.

Recommendation: We recommend that accounting staff and management review the adjustments prepared in the current year's audit and consider them in future year-end financial closeouts.

Views of Responsible Officials and Planned Corrective Actions: See management's response and Corrective Action Plan on page 55.

Twin Oaks Juvenile Development, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024
(Continued)

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

2024-002: ALLOCATION OF HEALTH INSURANCE EXPENSES

Finding Type: Material Weakness in Internal Controls over Financial Reporting

Criteria: The Codification of Statements on Auditing Standards AU-C 315 states that it is the responsibility of management to establish and maintain internal control on an ongoing basis to ensure financial reporting objectives are achieved. Additionally, the Financial Accounting Standards Board (FASB) requires that not-for-profit entities maintain their accounting records and prepare financial statements in accordance with generally accepted accounting principles (GAAP).

FASB ASC 958-720-45-2 requires nonprofit organizations to report information about expenses by their functional classifications.

Under 2 CFR Part 200 of the Uniform Guidance, costs should be allocated in the accounting system among grants and should be properly supported for reporting on the SEFASFA.

Condition: The Organization pays the employer and employee portions of health insurance and records both as expense. When payroll is processed, the Organization records credit transactions for the employee portion against the expense so the remaining expense is only the employer portion. During the year, the Organization allocated the expense transactions to programs but did not allocate the offsetting credit transactions.

Cause: Management oversight.

Effect: Health insurance expense allocated to programs was overstated and administrative health insurance expense was understated, which could have affected expenses claimed under grants. An adjustment was proposed to correct and properly allocate the health insurance expense credits.

Recommendation: We recommend that the Organization implement controls and processes to ensure health insurance expenses and related credits are properly allocated.

Views of Responsible Officials and Planned Corrective Actions: See management's response and Corrective Action Plan on page 55.

2024-003: PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (SEFASFA)

Repeat of finding 2023-002

Finding Type: Material Weakness in Internal Controls over Financial Reporting

Criteria: 2 CFR 200.510(b) of the Uniform Guidance and Rule 69I-5.003 of the Florida Administrative Code require that the SEFASFA present expenditures of federal and state awards accurately and completely.

Twin Oaks Juvenile Development, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024
(Continued)

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Condition: The auditor assists management in the preparation of the SEFASFA as part of nonattest services. However, there were difficulties in preparing the SEFASFA for the current year.

Cause: Management did not request or receive PAN reports with the expenditure allocations from grantors timely and the PAN report from one grantor could not be obtained.

Effect: These issues resulted in a delay in preparation of the SEFASFA and audit procedures and could have resulted in an incomplete and inaccurate SEFASFA. The allocation for the grantor where the PAN report could not be obtained was estimated.

Recommendation: We recommend that management obtain PAN reports for all grantors timely before the start of the audit.

Views of Responsible Officials and Planned Corrective Actions: See management's response and Corrective Action Plan on page 55.

2024-004: LATE REPORT FILING

Repeat of finding 2023-003

Finding Type: Noncompliance

Criteria: Per 2 CFR 200.512 of the Uniform Guidance, the Organization is required to complete and submit an audit to the Federal Audit Clearinghouse "within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period". Per Chapter 10.657(2), Rules of the Auditor General of the State of Florida, the Organization is required to complete and submit a financial reporting package to the Florida Auditor General "within 45 days after delivery of the financial reporting package to the auditee, but no later than 9 months after the end of the fiscal year of the auditee."

Condition: The Organization did not complete and submit the audit to the Federal Audit Clearinghouse or the Florida Auditor General within the required time periods.

Cause: The Organization did not implement appropriate controls and processes to ensure that the audit was submitted within the required time periods.

Effect: Federal and state awards could be withheld if the required reports are not submitted timely.

Recommendation: We recommend that the Organization implement controls and processes to ensure all required reports are submitted timely.

Views of Responsible Officials and Planned Corrective Actions: See management's response and Corrective Action Plan on page 55.

Twin Oaks Juvenile Development, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024
(Continued)

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Refer to finding 2024-005 in Section III.

SECTION III – FEDERAL AWARD AND STATE FINANCIAL ASSISTANCE FINDINGS

2024-005: INADEQUATE COST ALLOCATION PLAN

Finding Type: Significant Deficiency in Internal Controls over Financial Reporting; Significant Deficiency in Internal Controls over Compliance

ALN/CSFA and Program Title: 93.558 – Temporary Assistance for Needy Families, 93.658 – Foster Care - Title IV-E, 93.676- Unaccompanied Alien Children Program, 60.074 – Out-of-Home Supports

Federal/State Agency: U.S. Department of Health and Human Services, Florida Department of Children and Families

Pass-Through Entity: Big Bend Community Based Care, Inc. dba NWF Health Network; Brevard Family Partnership; Children’s Network of Hillsborough; Children’s Network of Southwest Florida Social Services; Communities Connected for Kids; Community Partnership for Children; Embrace Families, Inc.; Family Support Services of North Florida, Inc.; Family Support Services of Suncoast; Heartland for Children; Kids Central, Inc.; Partnership for Strong Families; Safe Children Coalition, Inc., Liberty Wilderness Crossroads Camp

Contract Number: 0299-22, C0900, PCM783, PCM788, 90ZU0501

Criteria: Under 2 CFR 200.405(d), “If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. However, when those proportions cannot be determined because of the interrelationship of the work involved, then... the costs may be allocated or transferred to benefitted projects on any reasonable documented basis.”

Per the Organization’s policies and procedures, certain costs that benefit all programs should be allocated using allocation percentages that are calculated semi-annually.

Condition: Certain expenses are allocated between programs that operate in the same location. The allocation is based on estimated costs/benefits to the programs, but the allocations and methodologies are not documented.

Cause: Management did not realize a fully documented cost allocation plan was required.

Effect: The Organization’s policies and procedures do not align with Uniform Guidance.

Recommendation: We recommend management document all cost allocations and methodologies, and any periodic changes, in the cost allocation plan.

Twin Oaks Juvenile Development, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024
(Continued)

SECTION III – FEDERAL AWARD AND STATE FINANCIAL ASSISTANCE FINDINGS (Continued)

Views of Responsible Officials and Planned Corrective Actions: See management's response and Corrective Action Plan on page 55.

2024-006: CASH MANAGEMENT – CASH DRAWS

Repeat of finding 2022-003, 2023-006

Finding Type: Material Weakness in Internal Controls over Compliance, Material Noncompliance

ALN Program Title: 93.676 – Unaccompanied Alien Children Program

Federal Agency: U.S. Department of Health and Human Services

Pass-Through Entity: Liberty Wilderness Crossroads Camp

Contract Number: 90ZU0501

Criteria: Under 2 CFR 200.305(b) of the Uniform Guidance, non-federal entities “must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non-federal entity whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means.” Under 2 CFR 200.305(b)(5) of the Uniform Guidance, “To the extent available, the non-federal entity must disburse funds available from program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds before requesting additional cash payments.”

Under 2 CFR 200.302(b)(6) of the Uniform Guidance, the Organization's financial management system must provide for “written procedures to implement the requirements of 2 CFR 200.305.”

Additionally, 2 CFR 200.303(a) of the Uniform Guidance requires non-federal entities to establish and maintain effective internal control over federal awards that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition: While the Organization did not draw cash in excess of program disbursements for the grant that was in effect during the current year, the Organization had previously drawn cash in excess of program disbursements under a grant that ended in the prior year so the Organization started and ended the year with a material balance of unspent grant funds for the program. Additionally, the Organization did not have written cash management policies and there was no process established for reviewing the pay requests prepared prior to submission.

Cause: Policies and procedures were not in place to ensure that the time elapsing between the transfer of federal funds to the Organization and the disbursement of such funds for program purposes was minimized. In addition, policies and procedures were not in place to ensure that additional cash draws were not requested prior to disbursing all available funds for program related purposes.

Twin Oaks Juvenile Development, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024
(Continued)

SECTION III – FEDERAL AWARD AND STATE FINANCIAL ASSISTANCE FINDINGS (Continued)

Effect: Overall program funds were drawn in excess of disbursements. The Organization could be required to return the excess funds to the grantor along with any associated earned interest.

Questioned Costs: None

Recommendation: We recommend that written policies and procedures be established to implement the requirements of 2 CFR 200.305, and recommend procedures be established for review of the cash draw requests prior to submission and that the review be documented.

Views of Responsible Officials and Planned Corrective Actions: See management's response and Corrective Action Plan on page 55.

2024-007: REPORTING – VARIOUS

Repeat of finding 2023-007

Finding Type: Material Weakness in Internal Controls over Compliance, Material Noncompliance

ALN and Program Title: 93.676 – Unaccompanied Alien Children Program

Federal Agency: U.S. Department of Health and Human Services

Pass-Through Entity: Liberty Wilderness Crossroads Camp

Contract Number: 90ZU0501

Criteria: The program compliance supplement and grant agreements outline the reports required to be submitted and their due dates.

Additionally, 2 CFR 200.303(a) of the Uniform Guidance requires non-federal entities to establish and maintain effective internal control over federal awards that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition: The auditor tested 1 quarterly and 1 annual Federal Financial Report (this was not a statistically valid sample) and noted the following:

1. There was no process for reviewing the reports that were prepared prior to submission.
2. The reports were submitted later than the due dates.
3. For all tested reports, the reported amounts did not agree with the Organization's accounting records, the reported amounts did not agree within the reports, and/or the reported numbers were not cumulative as required by the reporting guidance.

Cause: Procedures have not been established for reviewing the program reports, and management was unaware that the amounts reported should be cumulative. Additionally, the expenditures reported appear to be based on cash draws rather than actual program expenditures.

Effect: Reports were not submitted timely and were inaccurate.

Twin Oaks Juvenile Development, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024
(Continued)

SECTION III – FEDERAL AWARD AND STATE FINANCIAL ASSISTANCE FINDINGS (Continued)

Questioned Costs: None

Recommendation: We recommend procedures be established for review of the program reports prior to submission to the grantors and that the review be documented, procedures be established to ensure reports are submitted timely, and a reconciliation of reported amounts to the accounting records be performed.

Views of Responsible Officials and Planned Corrective Actions: See management's response and Corrective Action Plan on page 55.

2024-008: ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES – VARIOUS

Repeat of finding 2022-005, 2023-005

Finding Type: Significant Deficiency in Internal Controls over Compliance, Noncompliance

ALN and Program Title: 93.676 – Unaccompanied Alien Children Program

Federal Agency: U.S. Department of Health and Human Services

Pass-Through Entity: Liberty Wilderness Crossroads Camp

Contract Number: 90ZU0501

Criteria: Under 2 CFR 200.405(d), "If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. However, when those proportions cannot be determined because of the interrelationship of the work involved, then... the costs may be allocated or transferred to benefitted projects on any reasonable documented basis."

Per the Organization's policies and procedures, certain costs that benefit all programs should be allocated using allocation percentages that are calculated semi-annually.

Under 2 CFR 200.438 of the Uniform Guidance, "Costs of entertainment, including amusement, diversion, and social activities and any associated costs (such as gifts), are unallowable unless they have a specific and direct programmatic purpose and are included in a federal award."

Per the program compliance supplement and 45 CFR 75.465, rental costs under "less-than-arm's-length" leases are allowable only up to the amount that would be allowed had the non-federal entity continued to own the property. This amount would include expenses such as depreciation, maintenance, taxes, and insurance.

Additionally, 2 CFR 200.303(a) of the Uniform Guidance requires non-federal entities to establish and maintain effective internal control over federal awards that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Twin Oaks Juvenile Development, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024
(Continued)

SECTION III – FEDERAL AWARD AND STATE FINANCIAL ASSISTANCE FINDINGS (Continued)

Condition: The auditor tested 70 program expenses (this was not a statistically valid sample) and noted the following:

1. For 4 expenses, the wrong allocation percentages were used to allocate costs for the period.
2. For 6 credit card expenses, the Organization did not have adequate supporting documentation.
3. For 2 credit card expenses, the total of the charges identified by the Organization do not agree to the expense recorded.
4. For 2 expenses, the costs are considered to be unallowable entertainment costs.
5. For 5 related party vehicle lease expenses, the portion paid over the amount allowed under 45 CFR 75.465 is considered to be unallowable.

Cause:

1. Inadequate management review of allocations used for the costs and/or inadequate support for the allocation of the costs.
2. Management approval of credit card charges that are not supported by receipts or other documentation, or the Organization not maintaining the supporting documentation.
3. Difficulties with the credit card company where the Organization could not reconcile the costs in the statement to those that the employees were coding, and differences were typically coded to travel expenses.
4. Inadequate management review of costs that are allowable vs. unallowable for the program.

Effect: Incorrectly allocated, unsupported, and unallowable costs were charged to the program, which could result in the grantor requiring repayment.

Questioned Costs: Known questioned costs total \$9,539, determined by calculating the difference between the costs allocated to the program and the costs that should have been allocated to the program using the allocation percentages in effect at the time the expenses occurred, and by totaling unsupported and unallowable costs.

Likely questioned costs total \$29,713, determined by dividing the known questioned costs by the total of the sample and applying the error rate to the population of expenditures.

Recommendation: We recommend management more specifically review the allocations used when reviewing costs that are allocated among programs, that management ensure all credit card charges are adequately supported and not charge unsupported costs to federal awards, and that management gain a better understanding of allowable and unallowable costs for the program and ensure unallowable costs are not charged to the program.

Views of Responsible Officials and Planned Corrective Actions: See management's response and Corrective Action Plan on page 55.

Twin Oaks Juvenile Development, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024
(Continued)

SECTION III – FEDERAL AWARD AND STATE FINANCIAL ASSISTANCE FINDINGS (Continued)

2024-009: ALLOWABLE COSTS/COST PRINCIPLES – PAYROLL ALLOCATIONS

Repeat of finding 2023-009

Finding Type: Significant Deficiency in Internal Controls over Compliance

ALN/CSFA and Program Title: 93.558 – Temporary Assistance for Needy Families, 93.658 – Foster Care - Title IV-E, 93.676- Unaccompanied Alien Children Program, 60.074 – Out-of-Home Supports

Federal/State Agency: U.S. Department of Health and Human Services, Florida Department of Children and Families

Pass-Through Entity: Big Bend Community Based Care, Inc. dba NWF Health Network; Brevard Family Partnership; Children’s Network of Hillsborough; Children’s Network of Southwest Florida Social Services; Communities Connected for Kids; Community Partnership for Children; Embrace Families, Inc.; Family Support Services of North Florida, Inc.; Family Support Services of Suncoast; Heartland for Children; Kids Central, Inc.; Partnership for Strong Families; Safe Children Coalition, Inc., Liberty Wilderness Crossroads Camp

Contract Number: 0299-22, C0900, PCM783, PCM788, 90ZU0501

Criteria: Under 2 CFR 200.430(g) of the Uniform Guidance, "Charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed", and "Budget estimates (meaning, estimates determined before the services are performed) alone do not qualify as support for charges to federal awards...". Per the Reference Guide for State Expenditures of the Florida Department of Financial Services, "Timesheets that support the hours worked on the project or activity must be kept."

Additionally, 2 CFR 200.303(a) of the Uniform Guidance requires non-federal entities to establish and maintain effective internal control over federal awards that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award, and Section 215.97(10), Florida Statutes, requires nonstate entities to have internal controls in place to provide reasonable assurance of compliance with the provisions of laws, regulations, and other rules, pertaining to state awards that have a material effect on each major state project.

Condition: Time and pay for certain employees who perform work for multiple programs is allocated among these programs. The allocations are based on program budgets or other budgeted expectations of the employees’ activity. The Organization’s internal control structure does not address adjusting these allocations to reflect actual time and effort expended.

Cause: These employees do not record their time to each program, and management was unaware of federal and state requirements for documentation of personnel costs and charged to federal programs and state projects.

Effect: Time and pay being allocated charged to the programs may not accurately reflect their actual time spent on each program.

Twin Oaks Juvenile Development, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024
(Continued)

SECTION III – FEDERAL AWARD AND STATE FINANCIAL ASSISTANCE FINDINGS (Continued)

Questioned Costs: None

Recommendation: We recommend all employees record their time to each program that they work on, or that time studies be completed at least annually by the employees whose time needs to be allocated and those time studies be used to determine how the employees' time and pay should be allocated.

Views of Responsible Officials and Planned Corrective Actions: See management's response and Corrective Action Plan on page 55.

2024-010: ALLOWABLE COSTS/COST PRINCIPLES – INDIRECT COSTS

Repeat of finding 2023-010

Finding Type: Significant Deficiency in Internal Controls over Compliance

ALN/CSFA and Program Title: 93.558 – Temporary Assistance for Needy Families, 93.658 – Foster Care - Title IV-E, 93.676- Unaccompanied Alien Children Program

Federal/State Agency: U.S. Department of Health and Human Services

Pass-Through Entity: Big Bend Community Based Care, Inc. dba NWF Health Network; Brevard Family Partnership; Children's Network of Hillsborough; Children's Network of Southwest Florida Social Services; Communities Connected for Kids; Community Partnership for Children; Embrace Families, Inc.; Family Support Services of North Florida, Inc.; Family Support Services of Suncoast; Heartland for Children; Kids Central, Inc.; Partnership for Strong Families; Safe Children Coalition, Inc., Liberty Wilderness Crossroads Camp

Contract Number: 0299-22, C0900, PCM783, PCM788, 90ZU0501

Criteria: The Organization has elected to charge the de minimis rate of 10% of modified total direct costs (MTDC). 2 CFR 200.1 of the Uniform Guidance defines MTDC as all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward (regardless of the period of performance of the subawards under the award).

MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of \$25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.

Additionally, 2 CFR 200.303(a) of the Uniform Guidance requires non-federal entities to establish and maintain effective internal control over federal awards that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award, and Section 215.97(10), Florida Statutes, requires nonstate entities to have internal controls in place to provide reasonable assurance of compliance with the provisions of laws, regulations, and other rules, pertaining to state awards that have a material effect on each major state project.

Twin Oaks Juvenile Development, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024
(Continued)

SECTION III – FEDERAL AWARD AND STATE FINANCIAL ASSISTANCE FINDINGS (Continued)

Condition: The Organization used total program expenses as the MTDC base for calculating the 10% de minimis indirect costs and did not exclude certain items that are required to be excluded, such as rental costs, equipment, and charges for patient care. Additionally, the Organization's internal controls do not require review of the indirect costs charged to programs.

Cause: Management was unaware of the requirements for calculating the MTDC and procedures have not been established for reviewing the indirect cost allocations.

Effect: While indirect costs charged to programs in the current year did not exceed the allowable amount, the use of direct costs excluded from MTDC in the calculation and lack of review may result in excess indirect costs charged.

Questioned Costs: None

Recommendation: We recommend management calculate the MTDC in accordance with Uniform Guidance and apply the indirect cost rate consistently for all programs. We also recommend a procedure be established for review of the indirect cost allocations performed.

Views of Responsible Officials and Planned Corrective Actions: See management's response and Corrective Action Plan on page 55.

2024-011: CASH MANAGEMENT – INTEREST ON EXCESS FUNDS

Repeat of finding 2023-011

Finding Type: Significant Deficiency in Internal Controls over Compliance

ALN and Program Title: 93.676 – Unaccompanied Alien Children Program

Federal Agency: U.S. Department of Health and Human Services

Pass-Through Entity: Liberty Wilderness Crossroads Camp

Contract Number: 90ZU0501

Criteria: Under 2 CFR 200.305(b)(11) of the Uniform Guidance, the Organization "must maintain advance payments of federal funds in interest-bearing accounts" unless certain criteria apply. Under 2 CFR 200.305(b)(12) of the Uniform Guidance, interest earned on federal funds in excess of \$500 per year must be returned annually.

Condition: The Organization started and ended the year with a material balance of unspent grant funds for the program and did not maintain the funds in an interest-bearing account.

Cause: Management was unaware of the requirement to maintain funds in an interest-bearing account so the funds were maintained in the Organization's checking account with other funds.

Effect: Interest was not being earned on the excess program funds or remitted to the grantor.

Twin Oaks Juvenile Development, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024
(Continued)

SECTION III – FEDERAL AWARD AND STATE FINANCIAL ASSISTANCE FINDINGS (Continued)

Questioned Costs: None

Recommendation: We recommend the Organization establish policies to maintain federal grant funds in an interest-bearing account so that interest can be earned and remitted if required.

Views of Responsible Officials and Planned Corrective Actions: See management's response and Corrective Action Plan on page 55.

2024-012 PROCUREMENT AND SUSPENSION AND DEBARMENT – SMALL, FORMAL, AND NONCOMPETITIVE PROCUREMENTS

Finding Type: Significant Deficiency in Internal Controls over Compliance

ALN and Program Title: 93.676 – Unaccompanied Alien Children Program

Federal Agency: U.S. Department of Health and Human Services

Pass-Through Entity: Liberty Wilderness Crossroads Camp

Contract Number: 90ZU0501

Criteria: 2 CFR 200 Subpart D of the Uniform Guidance outlines standards for procurement transactions made with federal funds. Additionally, 2 CFR 200.303(a) of the Uniform Guidance requires non-federal entities to establish and maintain effective internal control over federal awards that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition: The auditor tested 4 small, formal, and noncompetitive procurements which were also covered transactions (this was not a statistically valid sample). For all procurements tested, all necessary documentation of the procurement process was not maintained, the procurement method used was incorrect or there was no documented justification for the procurement to be noncompetitive, and there was no evidence the Organization verified that vendor was not suspended or debarred. For 3 procurements, the original procurement was done many years ago and management has not changed vendors and has not documented a reasoning for this.

Cause: The Organization's policies and procedures for purchasing do not align with Uniform Guidance. Additionally, the existing procurement policies were not followed.

Effect: Procurements were potentially not made in compliance with Uniform Guidance.

Questioned Costs: None

Twin Oaks Juvenile Development, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024
(Continued)

SECTION III – FEDERAL AWARD AND STATE FINANCIAL ASSISTANCE FINDINGS (Continued)

Recommendation: We recommend the Organization update its policies and procedures for purchasing and suspension and debarment to align with Uniform Guidance or other requirements, whichever are more restrictive, and maintain all necessary documentation of the procurement process for purchases. We also recommend management re-evaluate vendors periodically and document any reasoning for not performing a new procurement for the goods or services.

Views of Responsible Officials and Planned Corrective Actions: See management's response and Corrective Action Plan on page 55.

2024-013: REPORTING – VARIOUS

Repeat of finding 2023-013

Finding Type: Significant Deficiency in Internal Controls over Compliance

ALN/CSFA and Program Title: 93.558 – Temporary Assistance for Needy Families, 93.658 – Foster Care - Title IV-E, 60.074 – Out-of-Home Supports

Federal/State Agency: U.S. Department of Health and Human Services, Florida Department of Children and Families

Pass-Through Entity: Big Bend Community Based Care, Inc. dba NWF Health Network; Brevard Family Partnership; Children's Network of Hillsborough; Children's Network of Southwest Florida Social Services; Communities Connected for Kids; Community Partnership for Children; Embrace Families, Inc.; Family Support Services of North Florida, Inc.; Family Support Services of Suncoast; Heartland for Children; Kids Central, Inc.; Partnership for Strong Families; Safe Children Coalition, Inc.

Contract Number: 0299-22, C0900, PCM783, PCM788

Criteria: The grant agreements outline the reports required to be submitted and their due dates.

Additionally, 2 CFR 200.303(a) of the Uniform Guidance requires non-federal entities to establish and maintain effective internal control over federal awards that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award, and Section 215.97(10), Florida Statutes, requires nonstate entities to have internal controls in place to provide reasonable assurance of compliance with the provisions of laws, regulations, and other rules, pertaining to state awards that have a material effect on each major state project.

Condition: Certain grants and reports for these programs overlap. The auditor tested a total of 69 reports between these programs (this was not a statistically valid sample) and noted the following:

1. For 17 reports, the reports were submitted later than the due date.
2. For 61 reports, there was either no process for reviewing the reports that were prepared prior to submission or there was a review process but no documented evidence that the review occurred.
3. For 1 report, the Organization could not provide evidence that the report was submitted to the grantor.
4. For 3 reports, the reported amounts did not agree with the Organization's accounting records.

Twin Oaks Juvenile Development, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024
(Continued)

SECTION III – FEDERAL AWARD AND STATE FINANCIAL ASSISTANCE FINDINGS (Continued)

Cause: Management has not established procedures for reviewing certain program reports and/or the reviews failed to catch reporting errors and ensure reports were submitted timely.

Effect: Certain reports were not submitted timely or may not have been submitted to the grantor, and certain reports were inaccurate.

Questioned Costs: None

Recommendation: We recommend procedures be established for review of all program reports prior to submission to the grantors and that the review be documented, procedures be established to ensure reports are submitted timely, and reconciliations of reported amounts to the accounting records be performed.

Views of Responsible Officials and Planned Corrective Actions: See management's response and Corrective Action Plan on page 55.

Twin Oaks Juvenile Development, Inc.
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2024

FINANCIAL STATEMENT FINDINGS

2022-001: MATERIAL ADJUSTMENTS AND PREPARATION OF FINANCIAL STATEMENTS

Finding Type: Material Weakness in Internal Controls over Financial Reporting

Status: Repeated/modified in prior year finding 2023-001 and current year finding 2024-001

2022-002: COST ALLOCATION PLAN

Finding Type: Material Weakness in Internal Controls over Financial Reporting

Status: Resolved

2023-001: AUDIT ADJUSTMENTS

Repeat of finding 2022-001

Finding Type: Material Weakness in Internal Controls over Financial Reporting

Status: Repeated/modified in current year finding 2024-001

2023-002: PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (SEFASFA)

Finding Type: Material Weakness in Internal Controls over Financial Reporting

Status: Repeated/modified in current year finding 2024-003

2023-003: LATE REPORT FILING

Finding Type: Noncompliance

Status: Repeated in current year finding 2024-004

2023-004: MISALLOCATED, UNSUPPORTED, AND UNALLOWABLE EXPENSES

Finding Type: Significant Deficiency in Internal Controls over Financial Reporting

Status: Resolved - issue continues in 2024 but does not require a finding

FEDERAL AWARD AND STATE FINANCIAL ASSISTANCE FINDINGS

2022-003: CASH MANAGEMENT

Finding Type: Material Weakness in Internal Controls over Compliance, Noncompliance

ALN and Program Title: 93.676 – Unaccompanied Alien Children Program

Status: Repeated in prior year finding 2023-006 and repeated/modified in current year finding 2024-007

2022-004: ALLOWABLE COSTS / COST PRINCIPLES – COST ALLOCATION PLAN

Finding Type: Material Weakness in Internal Controls over Compliance, Noncompliance

ALN and Program Title: 93.676 – Unaccompanied Alien Children Program, 93.658 – Foster Care - Title IV-E

Status: Resolved

Twin Oaks Juvenile Development, Inc.
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2024
(Continued)

FEDERAL AWARD AND STATE FINANCIAL ASSISTANCE FINDINGS (Continued)

2022-005: ALLOWABLE COSTS / COST PRINCIPLES

Finding Type: Material Weakness in Internal Controls over Compliance, Noncompliance

ALN and Program Title: 93.676 – Unaccompanied Alien Children Program

Status: Repeated/modified in prior year finding 2023-005 and current year finding 2024-006

2023-005: ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES – VARIOUS

Repeat of finding 2022-005

Finding Type: Material Weakness in Internal Controls over Compliance, Material Noncompliance

ALN/CSFA and Program Title: 93.676 – Unaccompanied Alien Children Program

Status: Repeated/modified in current year finding 2024-008

2023-006: CASH MANAGEMENT – CASH DRAWS

Repeat of finding 2022-003

Finding Type: Material Weakness in Internal Controls over Compliance, Material Noncompliance

ALN/CSFA and Program Title: 93.676 – Unaccompanied Alien Children Program

Status: Repeated/modified in current year finding 2024-006

2023-007: REPORTING – VARIOUS

Finding Type: Material Weakness in Internal Controls over Compliance, Material Noncompliance, Insufficient Evidence

ALN/CSFA and Program Title: 93.676 – Unaccompanied Alien Children Program

Status: Repeated/modified in current year finding 2024-007

2023-008: ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES – VARIOUS

Finding Type: Significant Deficiency in Internal Controls over Compliance, Noncompliance

ALN/CSFA and Program Title: 93.658 – Foster Care - Title IV-E

Federal Agency: U.S. Department of Health and Human Services

Status: Resolved - issue continues in 2024 but does not require a finding

2023-009: ALLOWABLE COSTS/COST PRINCIPLES – PAYROLL ALLOCATIONS

Finding Type: Significant Deficiency in Internal Controls over Compliance, Noncompliance

ALN/CSFA and Program Title: 93.658 – Foster Care - Title IV-E, 93.676, Unaccompanied Alien Children Program, 60.074 – Out-of-Home Supports

Status: Repeated in current year finding 2024-009

2023-010: ALLOWABLE COSTS/COST PRINCIPLES – INDIRECT COSTS

Finding Type: Significant Deficiency in Internal Controls over Compliance, Noncompliance

ALN/CSFA and Program Title: 93.658 – Foster Care - Title IV-E, 93.676, Unaccompanied Alien Children Program, 60.074 – Out-of-Home Supports

Status: Repeated in current year finding 2024-010

Twin Oaks Juvenile Development, Inc.
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2024
(Continued)

FEDERAL AWARD AND STATE FINANCIAL ASSISTANCE FINDINGS (Continued)

2023-011: CASH MANAGEMENT – INTEREST ON EXCESS FUNDS

Finding Type: Significant Deficiency in Internal Controls over Compliance, Noncompliance

ALN/CSFA and Program Title: 93.676 – Unaccompanied Alien Children Program

Status: Repeated in current year finding 2024-011

2023-012 PROCUREMENT AND SUSPENSION AND DEBARMENT – SMALL, FORMAL, AND NONCOMPETITIVE PROCUREMENTS

Finding Type: Significant Deficiency in Internal Controls over Compliance, Noncompliance

ALN/CSFA and Program Title: 93.676 – Unaccompanied Alien Children Program

Status: Repeated/modified in current year finding 2024-012

2023-013: REPORTING – VARIOUS

Finding Type: Significant Deficiency in Internal Controls over Compliance, Noncompliance

ALN/CSFA and Program Title: 93.658 – Foster Care - Title IV-E, 60.074 – Out-of-Home Supports

Status: Repeated/modified in current year finding 2024-013

Twin Oaks Juvenile Development, Inc. Corrective Action Plan



CORRECTIVE ACTION PLAN

Twin Oaks is dedicated to quality improvement and catching these audits up. We feel that a lot of these repeat findings are the result of not receiving the 2022-2023 audit until September 2025. These issues were not from our current auditor; however, we are not using this as an excuse for moving forward with improvement. Also, a lot of these items are tied to an HHS program that was eliminated in 2023.

Financial Statement Findings:

2024-001: Audit adjustments – Twin Oaks acknowledges that significant adjustments were necessary and we believe that now that we have had two years of increased expectations, we will take the current year's audit adjustments and use them to make sure our beginning balances are correct for the 2025 audit as well as year ending adjustments have been made and reviewed for accuracy. These adjustments will be entered by Felecia Read and Benjie/Felecia will review the 2025 year end for accuracy by October 1, 2026.

2024-002: Allocation of Health Insurance Expenses – Twin Oaks acknowledges the importance of allocating both expenses and credits for the Health Insurance costs. This error was caused by the early payment of premiums and later collection of employees' contributions. We will implement controls and procedures to ensure these expenses are properly allocated. Felecia will make the adjusting entries for 2024 and 2025 with review by Benjie by October 1, 2026.

2024-003: Preparation of the SEFASFA – Twin Oaks has had problems in attaining the PAN reports from all grantors due to several going out of business during this time. Due to these problems with receiving PAN reports, with utilization and with payments, we have shut down the programs that deal with the CBCs except for our TOCS and Harriett's Haven effective 8/31/2026. However, for 2025, Felecia and I will diligently work to obtain the needed information by October 31, 2026.

2024-004: Late Report Filing – Twin Oaks understands the importance of getting these audits and other reports in on time. Due to the nature of catching up these audits, we anticipate the same problem for 2025 but will continue to catch up as quickly as possible. We have already implemented procedures to make sure reports are timely and the reporting will be reviewed by Benjie on an ongoing basis.

Twin Oaks Juvenile Development, Inc. Corrective Action Plan

Federal Awards and State Financial Assistance Findings

2024 – 005: Inadequate Cost Allocation Plan – Twin Oaks will develop procedures to more effectively review the allocation process of these expenses and determine whether costs are allowable. Benjie has identified a new cost allocation plan that we will implement by October 1, 2026. Benjie will document all cost allocations and methodologies, and any periodic changes, in the cost allocation plan with the implementation of the new plan.

2024-006: Cash Management – Cash Draws – This problem only applied to the HHS program that was eliminated in December 2023. All other programs that we contract with are paid in arrears and there are no advances. We have proposed a settlement agreement with HHS to eliminate the overpayment and interest. Benjie will be responsible for the settlement agreement, by October 31, 2026.

2024-007: Reporting – Various – See 2024-013, This particular finding that relates to the HHS/ORR program will no longer be an issue going forward with the closure of this program.

2024-008: Activities Allowed or Unallowed, Allowable Costs/Cost Principles – Various – Even though this program has been eliminated, Twin Oaks has refined the use of the Divvy credit card review and allocations. Twin Oaks is also researching guidance on the allowable and unallowable costs that can be charged to a program and will be trained on these costs by October 1, 2026 by outside vendor. Benjie Read will be responsible for these trainings.

2024-009: Allowable Costs/Cost Principles – Payroll Allocations – Twin Oaks employs most of their 700 or so employees in residential programs where they work for one program on a set schedule. Twin Oaks is working with Paylocity to create the best solution for those employees that work for different programs or that have multiple programs at their location. The programs specifically identified with this finding have been eliminated except for the TOCS programs and that is where we are specifically working on the best solution with Paylocity. Benjie and Candy Gregory will be responsible for correcting this with Paylocity by October 31, 2026.

2024-010: Allowable Costs/Cost Principles – Indirect Costs – Twin Oaks will revise procedures to calculate the MTDC in accordance with Uniform Guidance and apply the indirect cost consistently for all programs and to review the indirect cost allocations performed. Again, because of the timing of this audit report, there may be repeat findings for 2025 but should be eliminated going forward. Benjie and Felecia will work together to calculate the current MTDC by October 31, 2026.

2024-011: Cash Management – Interest on Excess Funds – See 2024-006. This issue has been eliminated as we will have none going forward.

Twin Oaks Juvenile Development, Inc. Corrective Action Plan

2024-012: Procurement and Suspension and Debarment- Small, Formal and Noncompetitive Procurements -Twin Oaks totally agrees with the recommendation to update procedures for purchasing and suspension and debarment to align with Uniform Guidance or other requirements and has already made those changes in policy. This is another timing issue and may show up in 2025 as well. We have a policy of re-evaluating vendors periodically but don't believe that cheaper is better. There are many factors such as credit lines, historical performance and reliability that have priority in our review. These reviews have already been implemented and Charlie Chervanik is responsible.

2024-013: Reporting – Various – Twin Oaks will establish procedures for the review of all program reports prior to submission to the grantors, as well as documentation of that review. We have reduced significantly the amount of time to generate accurate reports but there may be more issues in 2025 due to the timing of establishing these procedures. Felecia Read will be responsible for making sure these are completed and documented.

Benjie Read
CFO
Twin Oaks Juvenile Development, Inc.



INTERNAL CONTROL RECOMMENDATIONS



The Board of Directors and Management of
Twin Oaks Juvenile Development, Inc.

In planning and performing our audit of the financial statements of Twin Oaks Juvenile Development, Inc. (the Organization) as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and another deficiency that we consider to be a significant deficiency.

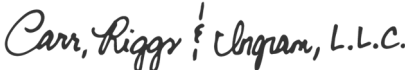
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in the Organization's internal control listed as items 2024-001, 2024-002, and 2024-003 in the schedule of findings and questioned costs to be material weaknesses.

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. We consider the deficiency in the Organization's internal control listed as item 2024-005 in the schedule of findings and questioned costs to be a significant deficiency.

During our audit, we also became aware of certain deficiencies in internal control other than significant deficiencies or material weaknesses, and other matters that are opportunities for strengthening internal controls and operating efficiency, which are listed in the accompanying table.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Organization personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.



CARR, RIGGS & INGRAM, L.L.C.

Tallahassee, FL

August 31, 2026

Internal Control Findings

The following legend should be used in conjunction with reviewing the “Rating” of each of the identified internal control items:

IP = Improvement Point	D = Control Deficiency	SD = Significant Deficiency	MW = Material Weakness
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See Section II – Financial Statement Findings in the Schedule of Findings and Questioned Costs for additional material weaknesses, significant deficiencies, and other noncompliance reported.

ITEM	RATING	AREA	ITEM NOTED	SUGGESTION	MANAGEMENT ACTION
2023-014 (repeat)	D	Property and Equipment	The Organization uses a third-party vendor to handle significant repairs and improvements at its facilities. The vendor did not provide a detailed breakout between improvements, equipment, and repairs and maintenance which resulted in these amounts being estimated for allocation and classification between property and equipment and repairs and maintenance expenses in the financial statements.	We recommend the Organization have the vendor provide more detailed invoices of the work performed, improvements done, and equipment purchased.	Management will consider implementing the control procedure.
2023-015 (repeat)	D	IT, Payroll	The Organization uses a third-party service organization for payroll processing and timekeeping. Management does not review the service Organization controls (SOC) reports of these service organizations.	We recommend the Organization obtain and review the SOC reports of the payroll service organization to ensure that controls at the service organization are in place and operating effectively, and that the Organization has relevant user controls in place.	Management will consider implementing the control procedure.

Internal Control Findings

ITEM	RATING	AREA	ITEM NOTED	SUGGESTION	MANAGEMENT ACTION
2023-016 (repeat)	D	Cash Disbursements	Per the Organization's policies, two signatures are required on all checks. There are two sets of check stock for the operating bank account, for manual vs. electronically generated checks. The stock for manual checks only has one signature line and signatures are not always obtained from two people as required.	We recommend all checks be signed by two people in accordance with the Organization's policies.	Management will consider implementing the control procedure.
2023-017 (repeat)	D	Cash Disbursements	Check stock is kept in the offices of two employees, but the drawers and offices are not locked.	We recommend these employees either lock the drawers or lock their offices when they are not working to prevent unauthorized access to the check stock.	Management will consider implementing the control procedure.

Internal Control Findings

ITEM	RATING	AREA	ITEM NOTED	SUGGESTION	MANAGEMENT ACTION
2023-018 (repeat)	D	Expenses	2023: Various control and compliance exceptions were noted in single audit testing of expenses and procurement, including lack of documented approval by the CFO, Assistant CFO or COO of the disbursement or contract; credit card expenses lacking underlying receipts or other adequate supporting documentation; credit card expenses that were unable to be reconciled to the amounts recorded; expenses recorded to programs that are considered to be unallowable; and expenses that were incurred in the prior year but recorded in the current year. 2024: The issues continue except for the lack of documented approval by the CFO, Assistant CFO, or COO of disbursements or contracts.	We recommend management more specifically review the allocations used when reviewing costs that are allocated among programs; that management ensure all credit card charges are adequately supported and not charge unsupported costs to federal and state awards; and that management gain a better understanding of allowable and unallowable costs for the programs and ensure unallowable costs are not charged to the programs.	Management will consider implementing the control procedure.
2023-020 (repeat)	IP	IT, Cash	Two employees use the same login for one bank's website, though there are mitigating review controls in place over transactions.	We recommend a second login be created for each bank user with appropriate access rights.	Management will consider implementing the control procedure.

Internal Control Findings

ITEM	RATING	AREA	ITEM NOTED	SUGGESTION	MANAGEMENT ACTION
2023-023 (repeat)	IP	General	2023: The Organization's Business Policies and Procedures are reviewed annually by the CEO but this review is informal. However, if the policies are updated they will show a revision date. Additionally, the Organization's practices are not always consistent with its policies in terms of who reviews and approves certain information. 2024: The issues continue. Additionally, the auditor noted that the Organization's policies reference superseded federal guidance, and a more detailed allocation methodology is needed, with allocations based on reasonable drivers (such as occupancy costs being allocated based on square footage used, etc.).	We recommend the CEO's annual review of the Business Policies and Procedures review be documented to ensure it was performed. We also recommend the policies be updated to align with the Organization's actual practices.	Management will consider implementing the control procedure.
2023-024 (repeat)	IP	Expenses	The Organization makes recurring purchases from various vendors that are not under contracts, most of which the Organization has been purchasing from for many years.	We recommend the Organization re-evaluate vendors at least annually and/or reach out to other vendors for quotes to ensure the services are being obtained at cost-effective rates, and that this process be documented.	Management will consider implementing the control procedure.

Internal Control Findings

ITEM	RATING	AREA	ITEM NOTED	SUGGESTION	MANAGEMENT ACTION
2024-014	D	Accounts receivable	The Organization's policy is that any accounts receivable write-offs are approved by the COO, CEO, and Board of Directors. The write-off journal entry the auditor reviewed during the control walkthrough was only approved by the CFO.	We recommend the Organization ensure accounts receivable write-offs are approved in accordance with its policies, or that the policies be modified to reflect actual practices.	Management will consider implementing the control procedure.

Internal Control Findings

ITEM	RATING	AREA	ITEM NOTED	SUGGESTION	MANAGEMENT ACTION
2024-015	D	Grant revenue	The CEO of Boys & Girls Club of Tabula Rasa prepares and submits grant invoices for the Twenty First Century Learning grants but there is no second review. During single audit testing of this program various errors were noted in the invoices, such as incorrect amounts included in the main invoice form and/or sub-forms when compared to supporting documentation, and calculation errors. Invoices for certain grants are prepared by the Executive Director and submitted online but there is no second review. Many other grant invoices are not approved by management with a signature, but the rounded invoice total is included in the Assistant CFO's monthly receivable and payable list. The Assistant CFO approves the amounts before adding them to the schedule as evidence he reviews the grant invoices.	We recommend the Organization establish procedures for a second review of all grant invoices to ensure they are accurate and complete prior to submission, and that this approval be documented.	Management will consider implementing the control procedure.

Internal Control Findings

ITEM	RATING	AREA	ITEM NOTED	SUGGESTION	MANAGEMENT ACTION
2024-016	IP	Expenses	Payroll and other expenses are not allocated to certain Boys & Girls Club grants in the accounting system the same way they are allocated in the grant invoices. This causes difficulty in reconciling the expenses between the SEFASFA and the accounting system, and it's possible that expenses are erroneously claimed under multiple grants, though the auditor did not find any instances of this.	We recommend that payroll and other expenses claimed under each grant be classified under their specific grants or programs in the accounting system.	Management will consider implementing the control procedure.
2024-017	IP	Compliance	For the 21st Century Grants there isn't a specific control for ensuring the annual notice that all students are eligible to attend the Boys & Girls Club program is sent to all private schools in the area.	We recommend the Organization document checking for new schools in the area and checking for changes in contact information that could result in the notice not making it to all schools.	Management will consider implementing the control procedure.