

**ANCHORAGE CHILDREN'S HOME
OF BAY COUNTY, INC. AND AFFILIATE**

**CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2025

**ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC. AND AFFILIATE
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Anchorage Children's Home of Bay County, Inc. and Affiliate:

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Anchorage Children's Home of Bay County, Inc. and Affiliate (the Organization), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2025, 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 Auditors' 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 opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 for one year after the date that the consolidated financial statements are issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS 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 consolidated 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 consolidated 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 consolidated 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.

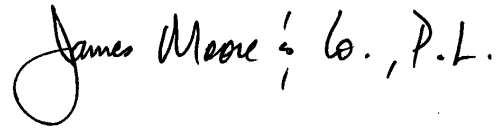
Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Section 215.97, Florida Statutes, *Florida Single Audit Act*; and Chapter 10.650, Rules of the State of Florida, Office of the Auditor General, and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and

certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 1, 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 the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Tallahassee, Florida
April 1, 2026

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025

ASSETS

Current assets	
Cash and cash equivalents	\$ 970,156
Investments	284,709
Grants, contracts, and other receivables, net	614,527
Prepaid expenses and other current assets	49,186
Total current assets	1,918,578
Property and equipment, net	3,435,280
Finance lease right of use assets, net	49,306
Total Assets	\$ 5,403,164

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 134,030
Accrued liabilities	180,441
Line of credit	131,000
Deferred revenue	6,000
Current portion of finance lease liability	36,846
Current portion of long-term debt	138,272
Total current liabilities	626,589
Long-term liabilities	
Long-term portion of finance lease liability	7,639
Total long-term liabilities	7,639
Total Liabilities	634,228
Net assets	
Without donor restrictions	
Undesignated	1,427,485
Invested in property and equipment and right to use assets	3,301,829
Total net assets without donor restrictions	4,729,314
With donor restrictions	
Purpose restrictions	39,622
Total net assets	4,768,936
Total Liabilities and Net Assets	\$ 5,403,164

The accompanying notes to the consolidated financial statements
are an integral part of this statement.

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Federal and state grants	\$ 5,041,610	\$ -	\$ 5,041,610
Contributions	498,988	10,333	509,321
In-kind contributions	54,601	-	54,601
Other state support	72,167	-	72,167
Special events	107,089	-	107,089
Investment income, net	29,992	-	29,992
Other income	16,172	-	16,172
Net assets released from restrictions	103,463	(103,463)	-
Total support and revenue	<u>5,924,082</u>	<u>(93,130)</u>	<u>5,830,952</u>
Expenses			
Program services			
Hidle House	1,594,472	-	1,594,472
Street Outreach and Recovery	164,276	-	164,276
Transitional Living	262,185	-	262,185
Maternity Transitional Living	259,497	-	259,497
Anchorage Family Counseling	424,925	-	424,925
Care Management	1,687,946	-	1,687,946
SNAP	481,782	-	481,782
Visitation	197,118	-	197,118
Total program services	<u>5,072,201</u>	<u>-</u>	<u>5,072,201</u>
Administrative and general	552,835	-	552,835
Fundraising	155,492	-	155,492
Total expenses	<u>5,780,528</u>	<u>-</u>	<u>5,780,528</u>
Change in net assets	<u>143,554</u>	<u>(93,130)</u>	<u>50,424</u>
Net assets, beginning of year	4,585,760	132,752	4,718,512
Net assets, end of year	<u>\$ 4,729,314</u>	<u>\$ 39,622</u>	<u>\$ 4,768,936</u>

The accompanying notes to the consolidated financial statements
are an integral part of this statement.

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	Program Services							
	Hide House	Street Outreach and Recovery	Transitional Living	Maternity Transitional Living	Anchorage Family Counseling	Care Management	SNAP	Visitation
Salaries	\$ 1,003,370	\$ 98,780	\$ 154,543	\$ 151,714	\$ 319,840	\$ 1,232,534	\$ 346,620	\$ 153,378
Payroll taxes and benefits	142,352	10,332	22,455	26,849	50,340	206,906	43,565	21,918
Automobile	4,672	1,794	4,250	3,529	24	25,613	80	2,937
Accounting and legal	5,789	385	630	595	1,190	4,760	910	490
Crafts, recreation and gifts	1,674	100	718	724	616	2,480	1,465	21
Contract services	13,025	40	163	163	874	49,433	2,216	-
License and permits	646	123	297	242	2	347	4	39
Books and subscriptions	306	-	-	-	-	-	-	-
School	1,799	-	-	208	-	-	1,374	-
Food	64,442	411	4,667	3,336	325	2,200	3,221	319
Household supplies	20,585	343	2,768	2,803	63	1,626	667	341
In-kind materials and supplies	18,756	5,265	1,920	2,230	2,938	538	1,800	-
Interest	304	260	346	308	-	1,476	-	167
Insurance	67,469	5,077	17,792	17,792	6,521	25,420	15,762	3,236
Medical	1,451	-	726	941	-	-	1,299	-
Miscellaneous	20,214	1,459	772	540	1,968	6,966	1,927	366
Memberships and dues	19,208	1,288	88	88	75	-	-	-
Office	34,416	9,080	5,199	4,854	9,517	30,028	11,498	4,291
Personal items - clothing	1,231	214	204	133	537	360	42	-
Postage	1,188	-	8	1	345	1,303	-	159
Printing	-	-	-	-	-	-	-	-
Repairs and maintenance	16,926	233	2,798	2,277	1,156	42	1,323	5
Staff and program development	1,634	301	452	515	695	901	1,676	-
Staff travel	3,568	1,504	1,507	584	16,026	47,416	7,550	4,015
Telephone	16,306	3,599	3,516	2,965	5,958	16,208	6,407	2,136
Utilities	38,132	2,339	6,904	6,904	2,269	-	7,152	-
Events	-	-	-	-	-	-	-	-
Short-term leases	5,174	13,969	834	835	1,063	2,082	2,820	69
Credit losses	40,779	-	-	-	-	352	-	-
Total expenses before amortization and depreciation	1,545,416	156,896	233,557	231,130	422,342	1,658,991	459,378	193,887
Amortization and depreciation	49,056	7,380	28,628	28,367	2,583	28,955	22,404	3,231
Total expense	<u>\$ 1,594,472</u>	<u>\$ 164,276</u>	<u>\$ 262,185</u>	<u>\$ 259,497</u>	<u>\$ 424,925</u>	<u>\$ 1,687,946</u>	<u>\$ 481,782</u>	<u>\$ 197,118</u>

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

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025
(CONTINUED)

	<u>Program Services</u>	<u>Supporting Services</u>			<u>Total Expenses</u>
	<u>Total Program Services</u>	<u>Administration and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	
Salaries	\$ 3,460,779	\$ 294,834	\$ 90,427	\$ 385,261	\$ 3,846,040
Payroll taxes and benefits	524,717	23,331	15,668	38,999	563,716
Automobile	42,899	208	5	213	43,112
Accounting and legal	14,749	38,323	1,050	39,373	54,122
Crafts, recreation and gifts	7,798	889	-	889	8,687
Contract services	65,914	26,284	203	26,487	92,401
License and permits	1,700	70	372	442	2,142
Books and subscriptions	306	1,129	-	1,129	1,435
School	3,381	-	-	-	3,381
Food	78,921	6,179	165	6,344	85,265
Household supplies	29,196	722	-	722	29,918
In-kind materials and supplies	33,447	3,440	17,714	21,154	54,601
Interest	2,861	7,599	-	7,599	10,460
Insurance	159,069	21,572	1,383	22,955	182,024
Medical	4,417	-	-	-	4,417
Miscellaneous	34,212	23,407	1,996	25,403	59,615
Memberships and dues	20,747	1,150	45	1,195	21,942
Office	108,883	15,388	5,956	21,344	130,227
Personal items - clothing	2,721	-	-	-	2,721
Postage	3,004	435	267	702	3,706
Printing	-	1,634	124	1,758	1,758
Repairs and maintenance	24,760	3,626	82	3,708	28,468
Staff and program development	6,174	13,363	-	13,363	19,537
Staff travel	82,170	1,444	329	1,773	83,943
Telephone	57,095	5,796	1,897	7,693	64,788
Utilities	63,700	13,449	527	13,976	77,676
Events	-	-	16,571	16,571	16,571
Short-term leases	26,846	2,454	202	2,656	29,502
Credit losses	41,131	3,670	-	3,670	44,801
Total expenses before amortization and depreciation	4,901,597	510,396	154,983	665,379	5,566,976
Amortization and depreciation	170,604	42,439	509	42,948	213,552
Total expense	<u>\$ 5,072,201</u>	<u>\$ 552,835</u>	<u>\$ 155,492</u>	<u>\$ 708,327</u>	<u>\$ 5,780,528</u>

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

**ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025**

Cash flows from operating activities	
Cash received from grantors, contractors, and contributors	\$ 5,626,962
Cash paid to employees, vendors, and subcontractors	(5,495,661)
Cash received from interest and dividends	19,851
Cash paid as interest	(2,578)
Net cash provided by operating activities	<u>148,574</u>
Cash flows from investing activities	
Purchases of investments	(16,365)
Purchases of property and equipment	(79,245)
Net cash used in investing activities	<u>(95,610)</u>
Cash flows from financing activities	
Principal payments on finance lease liabilities	(62,595)
Principal payments on long-term debt	(58,205)
Proceeds from line of credit	131,000
Net cash provided by financing activities	<u>10,200</u>
Net change in cash and cash equivalents	<u>63,164</u>
Cash and cash equivalents, beginning of year	906,992
Cash and cash equivalents, end of year	<u><u>\$ 970,156</u></u>
Reconciliation of change in net assets to net cash provided by operating activities	
Change in net assets	<u>\$ 50,424</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	151,914
Amortization of right-of use assets	61,640
Unrealized gain on investment	(10,141)
(Increase) decrease in operating assets	
Grants, contracts, and other receivables	(119,397)
Prepaid expenses and other current assets	21,222
Increase (decrease) in operating liabilities	
Accounts payable	84,496
Accrued liabilities	(35,851)
Refundable advance	(55,733)
Total adjustments	<u>98,150</u>
Net cash provided by operating activities	<u><u>\$ 148,574</u></u>

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

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies and practices of Anchorage Children's Home of Bay County, Inc. and Affiliate (the "Organization") which affect significant elements of the accompanying consolidated financial statements:

(a) **Organization and purpose**—The Organization was incorporated in the State of Florida, in April 1983, for the purpose of establishing and operating a group home and shelter for the abused, neglected, and homeless children of Bay County. In 1999, Anchorage Children's Home of Bay County, Inc. formed Anchorage Foundation, Inc. The Organizations share several common board members as well as common management. The consolidated financial statements include Anchorage Children's Home of Bay County, Inc. and Anchorage Foundation, Inc. Anchorage Foundation, Inc. is consolidated since Anchorage Children's Home of Bay County, Inc. has both an economic interest in and control of this entity through a significant voting interest in the governing board. All significant intercompany transactions and accounts are eliminated.

The Organization provides the following programs:

Hide House – A short-term crisis/emergency shelter, Hide House provides 24-hour awake supervision to adolescents 10 to 17 years of age, furnishing food, clothing, shelter, and counseling. Runaways and other troubled youth are accepted as walk-ins, through referral from the family, school, law enforcement, and other sources within the community. The purpose is to reunite the youth with their family, and keep the youth out of the delinquency and dependency systems. Youth who have been removed from their home due to allegations of abuse, or youth who are in the foster care systems are referred through the Florida Department of Children and Families (DCF) or Northwest Florida Health Network, Inc. (NWF Health Network) for up to a 30 day stay. The purpose is to provide a safe environment for youth while the Florida DCF investigates the family and/or locates an alternative living arrangement for the youth.

Anchorage Family Counseling – When children, ages 6 to 17 years old, and their families need help with developing and strengthening their relationships at home, this program provides individual, family, and group counseling, and case management. Services are provided in the home, at school, and in the Organization's offices for up to 12 weeks. Counselors also provide group counseling services in some area high schools for high-risk youth.

Street Outreach and Recovery – Specialists go to the beach, neighborhoods, and streets to find the youth, up to 21 years old, at greatest risk for sexual exploitation and abuse. By providing them survival aid and access to critical services, staff engage these youth by developing trusting relationships in an effort to facilitate their leaving street life. The following program is included in the amounts reported as "Street Outreach and Recovery" on the statement of activities and the statement of functional expenses.

Safe Place – A nationwide program uniting businesses and runaway shelters, this program provides a safety net for youth on the streets to gain immediate access to safe shelter. Businesses where youth congregate or are easily accessible to youth demonstrate their partnership to provide transportation to shelter through volunteers. They post obvious bright yellow signs on their buildings to demonstrate their participation in this program.

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

(1) **Summary of Significant Accounting Policies:** (Continued)

Transitional Living – This transitional living program serves up to 6 youth residentially and 14 youth in non-residential services at any given time. These youth, ages 16 to 21 years old, continue or complete their education, establish employment, and develop essential life skills during the course of this 18 month program.

Maternity Transitional Living – Apartment based living for homeless teens age 16 to 22 who are pregnant or have had their baby within 6 months. This program provides a safe place to live while staff help youth develop adequate life skills leading to independence and successful parenting.

Care Management – When children, birth to 17 years old, who have been found to be abused, neglected, or abandoned, and in need of protection and support, the Care Management program provides child protective supervision, foster care case management, and intensive family intervention. As a partner of the NWF Health Network system of care, the Organization provides care management in Calhoun, Holmes, Jackson, and Washington counties.

SNAP – SNAP stands for Stop Now and Plan. The program helps troubled children and their parents learn how to effectively manage their emotions and keep problems small. The gender sensitive SNAP program is designed for children ages 6 to 11 who are engaging in aggressive, anti-social behavior and/or have come into contact with authority figures at school or in the community.

Visitation – This program is a family visitation program that serves children who are placed in out of home care with non-custodial caregivers and are court-ordered and referred by the Dependency Case Management Organizations for visitation services. Visitation services are provided in order to allow caregivers and family members who do not have custody of their children due to a history of child abuse or neglect to visit in a safe environment. These services are provided to enhance the parent or caregiver's relationship with the child and to facilitate reunification or other appropriate permanency goals.

(b) **Property and equipment**—Property and equipment acquired by the Organization is considered to be owned by the Organization. However, funding sources may maintain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. 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 cost of \$5,000 or more and an estimated useful life of at least one year.

Property and equipment with a value greater than \$500 and an estimated useful life of at least one year are recorded at cost when purchased or at estimated fair market value when contributed.

Depreciation is computed using the straight-line method over the estimated useful life of the assets, ranging from 3 to 50 years.

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

(1) **Summary of Significant Accounting Policies:** (Continued)

(c) **Cash and cash equivalents**—For the purpose of reporting cash flows, cash and cash equivalents include cash on hand, demand deposits held with banks, and short-term investments with original maturities of 90 days or less.

(d) **Income taxes**—The Organization is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for Federal income taxes has been made in the accompanying consolidated financial statements.

The Organization files income tax returns in the U.S. Federal jurisdiction. The Organization's income tax returns for the past three years are subject to examination by taxing authorities and may change upon examination.

The Organization has reviewed and evaluated the relevant technical merits of each of their tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the consolidated financial statements of the Organization.

(e) **Use of estimates**—The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(f) **Basis of accounting**—The consolidated financial statements have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables and other liabilities.

(g) **Net assets**—Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

(h) **Functional allocation of expenses**—The cost of providing the various services and other activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

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

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

(1) **Summary of Significant Accounting Policies:** (Continued)

(j) **Contributions**—The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Contributed property and equipment is recorded at fair value at the date of donation. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service.

The value of donated professional services, if any, is included as in-kind contributions and related expense in the consolidated financial statements. The value of these donations is based upon current rates for similar services. In addition, the Organization receives a significant amount of donated services from unpaid volunteers who assist the Organization. No amounts have been recognized in the consolidated statement of activities because the criteria for recognition has not been satisfied.

Contributed materials and supplies are valued using estimated U.S. wholesale prices (principal market) of identical or similar products using pricing data under a “like-kind” methodology considering the goods’ condition and utility for use at the time of the contribution.

(k) **Investments**—Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statement of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

(l) **Grants, contracts, and other receivables**—Grants, contracts, and other receivables are stated at the amount management expects to collect from balances outstanding at year-end. Based on management’s assessment of the credit history with customers, grantors, and contractors having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

(m) **Deferred revenue**—The Organization holds an annual golf tournament each autumn as a fundraiser to support the mission of the Organization. Management obtains sponsorships for the event from local businesses. The deferred revenue amount on the consolidated statement of financial position represents sponsorship monies for the event received prior to June 30, 2025.

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

(1) **Summary of Significant Accounting Policies:** (Continued)

(n) **Revenue recognition**—With the exception of contributions, substantially all of the Organization's revenue is grant and contract revenue from federal and state agencies. The Organization recognizes contract revenue (up to the contract ceiling) from its contracts over a period which represents the service period for certain contracts, or to the extent of expenses. Revenue recognition depends on the contract. A substantial portion of the revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statement of financial position. At June 30, 2025, \$- had been received in advance.

(o) **Leases**—The Organization leases vehicles to support ongoing operations. The Organization determines if an arrangement is a lease at inception. Operating leases are reflected as an operating lease right-of-use (ROU) asset and operating lease liabilities on the Organization's consolidated statement of financial position. Finance leases are included in finance lease right-of-use (ROU) assets, current liabilities, and long-term liabilities on the Organization's consolidated 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 commencement date based on the present value of lease payments over the lease term. When an implicit rate is unavailable, the Organization uses the risk-free rate based on the information available at commencement date in determining the present value of lease payments. 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.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants. In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if it has obtained substantially all of the rights to the underlying asset through exclusivity, if it 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. In allocating consideration in the contract to the separate lease components and the non-lease components, the Organization uses the standalone prices of the lease and non-lease components. Observable standalone prices are used, if available. If the standalone price for a component has a high level of variability or uncertainty, this allocation may require significant judgment.

(2) **Significant Funding Sources:**

The Organization receives approximately 29% of its funding from the Florida Network of Youth and Family Services as a passthrough of state agencies, approximately 35% from NWF Health Network as a passthrough of federal and state agencies, and approximately 14% directly from the U.S. Department of Health and Human Services. 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.

**ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

(3) Concentrations of Credit Risk:

The more significant concentrations of credit risk are as follows:

(a) **Demand deposits**—The Organization maintains cash deposits with a financial institution. The Organization has no policy requiring collateral or other security to support its deposits, although all demand deposits with this institution are federally insured up to FDIC limits.

(b) **Grants, contracts, and other receivables**—The Organization's receivables are for amounts due under contracts with state and federal agencies. The Organization has no policy requiring collateral or other security to support its receivables.

(c) **Financial instruments**—Financial instruments that potentially subject the Organization to concentrations of credit risk include investments. The investments are held in high quality institutions and companies with high credit ratings.

(4) Property and Equipment:

The following is a summary of property and equipment at June 30, 2025:

Land	\$ 255,000
Buildings and improvements	3,857,028
Furniture and fixtures	144,929
Machinery and equipment	339,943
Leasehold improvements	470,774
Vehicles	74,864
	5,142,538
Less: accumulated depreciation	(1,707,258)
Total	\$ 3,435,280

Total depreciation expense for the year ending June 30, 2025, was \$151,914. Depreciation expense is included with amortization expense and presented on the consolidated statement of functional expenses.

(5) Short-Term Leases:

The Organization had certain vehicle and office equipment leases with less than 12 months remaining on the lease as of June 30, 2025, with no intention to purchase the underlying asset. The Organization has elected the practical expedient for these short-term leases. Total short-term lease cost was \$29,502 for 2025.

**ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

(6) Obligations Under Leases:

The Organization has finance leases for vehicles which have remaining lease terms expiring in fiscal years 2025 through 2027. As of June 30, 2025, assets recorded under finance leases were \$191,076 and accumulated amortization associated with finance leases was \$141,770.

The components of lease expense for the year ended June 30, 2025, was as follows:

Amortization of right-of-use assets	\$	61,637
Interest on lease liabilities		2,860
		\$ 64,497

Other information related to leases for the year ended June 30, 2025, was as follows:

Cash paid for amounts included in the measurement of lease liabilities:

Financing cash flows from finance leases	\$	65,455
ROU assets obtained in exchange for new finance lease liabilities		-
Weighted-average remaining lease term—finance leases		.67 years
Weighted-average discount rate—finance leases		3.37%

Future minimum lease payments under non-cancellable leases as of 2025, were as follows:

Year Ending June 30,	Amount
2026	\$ 35,529
2027	9,218
2028	-
2029	-
2030	-
Thereafter	-
Total future minimum lease payments	44,747
Less: Imputed interest	(262)
	\$ 44,485

(7) Retirement Plan:

The Organization sponsors a 401(k) retirement plan. All employees over 21 years old with at least 1,000 hours of service within a 12-month fiscal year period are eligible to participate. Employees may contribute a maximum allowable for 401(k) plans and the Organization will match 25% of employee contributions up to 3% of the employee's annual gross salary. The Organization contributed \$19,761 to this plan for the fiscal year ended June 30, 2025.

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

(8) Investments and Fair Value Measurements:

The Organization reports investments at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

- **Level 1:** Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities that are not active. Such inputs may include interest rates and yield curves, volatilities, prepayment speeds, credit risks, and default rates.
- **Level 3:** Unobservable inputs to measure fair value of assets and liabilities for which there is little, if any market activity at the measurement date, using reasonable inputs and assumptions based upon the best information at the time, to the extent that inputs are available without undue cost and effort. The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025.

Mutual funds– Valued at quoted market prices.

Exchange traded funds– Valued at quoted market prices.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

(8) **Investments and Fair Value Measurements:** (Continued)

The following is a summary of the valuation as of June 30, 2025, for the Organization's investments based upon the three levels defined above

	<u>Fair Value</u>	<u>Quoted Prices (Level 1)</u>	<u>Significant Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments:				
Exchange traded funds	\$ 27,864	\$ 27,864	\$ -	\$ -
Mutual funds	256,845	256,845	-	-
Total	<u>\$ 284,709</u>	<u>\$ 284,709</u>	<u>\$ -</u>	<u>\$ -</u>

The following schedule summarizes the investment return in the consolidated statement of activities for the year ended June 30, 2025:

Interest and dividends	\$ 19,851
Net realized and unrealized gains	12,553
Fees	<u>(2,412)</u>
Investment income	<u>\$ 29,992</u>

(9) **Contingencies:**

Grant Programs—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 applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial.

Litigation—The Organization is party to routine legal proceedings and litigation arising in the ordinary course of business. In the opinion of management, the outcome of such actions is unable to be estimated at this time, and thus the impact on the Organization's financial condition is unknown.

**ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

(10) Long-Term Debt:

Long-term debt consisted of the following at June 30, 2025:

4.45% note payable to a financial institution, due upon demand, otherwise payable in monthly installments of \$5,484, including interest, through October 2027, collateralized by real estate.	\$ 138,272
Long-term debt	138,272
Less: current portion of long-term debt	(138,272)
Long-term debt, net	\$ -

Maturities on long-term debt are as follows:

Year Ending June 30,	Amount
2026	\$ 138,272

(11) Liquidity and Availability:

The Organization strives to maintain liquid financial assets sufficient to cover general expenditures. Financial assets available for general expenditure, that is, without donor restrictions or internally board designations limiting their use, within one year of the consolidated statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 970,156
Investments	284,709
Grants, contracts, and other receivables	614,527
Financial assets available to meet cash needs for general expenditures	1,869,392
Less those unavailable for general expenditures within one year due to donor imposed restrictions	39,622
Financial assets available to meet cash needs for general expenditures	\$ 1,829,770

As a part of the Organization's liquidity management plan, in the event of an unanticipated liquidity need, the Organization has a line of credit with a \$119,000 balance remaining on the line as of June 30, 2025. The Organization has a policy of maintaining access to financial assets sufficient to support a minimum of 60 days of operating expenses through a combination of cash, investments, and receivables.

**ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

(12) In-kind Support:

The Organization received the following in-kind donations presented as in-kind contributions on the consolidated statement of activities during the year ended June 30, 2025:

Materials and supplies	\$ <u>54,601</u>
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Contributed materials and supplies are valued using estimated U.S. wholesale prices (principal market) of identical or similar products using pricing data under a “like-kind” methodology considering the goods’ condition and utility for use at the time of the contribution. Amounts contributed are presented by function on the consolidated statement of functional expense.

(13) Subsequent Events:

The Organization has evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through April 1, 2026, the date which the consolidated financial statements were available to be issued. No subsequent events have been recognized or disclosed.

(14) Net Assets With Donor Restrictions:

Net assets with donor restrictions are restricted for the following purposes or periods:

Purpose restricted – Transitional Living	\$ 1,006
Purpose restricted – Other program expenses	36,677
In perpetuity- Operations	<u>1,939</u>
Total	<u><u>\$ 39,622</u></u>

The net assets released in the current year were the result of incurring expenses for operating equipment that satisfied donor restrictions.

(15) Line of Credit:

The Organization has a \$250,000 unsecured, revolving line of credit with a bank due February 13, 2026. Borrowings under the line bear interest at a variable rate equal to the bank’s Prime Rate, adjusted daily. The balance as of June 30, 2025, was \$131,000.

**ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC. AND AFFILIATE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2025**

Federal Grantor/State Grantor/Pass Through Grantor/ Program Title	Federal Assistance Listing Number	State CSFA Number	Contract Number	Expenditures
<u>FEDERAL AWARDS</u>				
U.S. Department of Health and Human Services				
Basic Center Grant	93.623	-	90CY7556-01-00	\$ 37,197
Basic Center Grant	93.623	-	90CY7556-02-00	157,635
				<u>194,832</u>
Transitional Living for Homeless Youth	93.550	-	90YZ0023-03-00	65,076
Transitional Living for Homeless Youth	93.550	-	90YZ0068-01-00	163,232
Transitional Living for Homeless Youth	93.550	-	90CX7422-02-00	65,929
Transitional Living for Homeless Youth	93.550	-	90CX7422-03-00	161,620
				<u>455,857</u>
Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless, and Street Youth	93.557	-	90YO2537-01-00	63,706
Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless, and Street Youth	93.557	-	90YO2537-02-00	86,407
				<u>150,113</u>
Passed through NWF Health Network Promoting Safe and Stable Families	93.556	-	25522	31,712
Foster Care Title IV-E	93.658	-	25522	291,469
Temporary Assistance for Needy Families	93.558	-	25522	406,653
Stephanie Tubbs Jones Child Welfare Services Program	93.645	-	25522	62,046
Adoption Assistance-Title IV-E	93.659	-	25522	40,159
Medical Assistance Program- Medicaid Cluster	93.778	-	25522	2,767
Social Services Block Grant	93.667	-	25522	38,789
Child Abuse and Neglect State Grants	93.669	-	25522	29
U.S. Department of Agriculture				
Passed through Florida Department of Health Child and Adult Care Food Program- SNAP Cluster	10.558	-	N/A	31,166
Total Expenditures of Federal Awards				<u><u>\$ 1,705,592</u></u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC. AND AFFILIATE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2025
(Continued)

Federal Grantor/State Grantor/Pass Through Grantor/ Program Title	Federal Assistance Listing Number	State CSFA Number	Contract Number	Expenditures
<u>STATE FINANCIAL ASSISTANCE</u>				
State of Florida, Department of Children and Families				
Passed through NWF Health Network Out-Of-Home Supports	-	60.074	25522	\$ 45,929
Early Childhood Court Case Management and Prevention	-	60.225	25522	60,542
CBC - PURCHASE OF THERAPEUTIC SERVICES FOR CHILDREN	-	60.183	25522	1,500
State of Florida, Department of Juvenile Justice				
Passed through Florida Network of Youth and Family Services Children and Families in Need of Services (CINS/FINS)	-	80.005	N/A	1,438,675
SNAP Fatherhood	-	60.245	N/A	220,822
Total Expenditures of State Financial Assistance				1,767,468
Total Expenditures of Federal Awards and State Financial Assistance				\$ 3,473,060

See Accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

**ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC. AND AFFILIATE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2025**

(1) **Basis of Presentation:**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the Federal and State award activity of Anchorage Children's Home of Bay County, Inc. and Affiliate and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Section 215.97, Florida Statutes, *Florida Single Audit Act*, and Chapter 10.650, Rules of the State of Florida, Office of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the consolidated financial statements.

(2) **Summary of Significant Accounting Policies:**

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

(3) **De Minimis Indirect Cost Rate Election:**

Anchorage Children's Home of Bay County, Inc. and Affiliate has elected not to use the de minimis indirect cost rate as allowed under Uniform Guidance.

(4) **Subrecipients:**

For the year ended June 30, 2025, there were no amounts passed through to subrecipients.

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

To the Board of Directors,
Anchorage Children's Home of Bay County, Inc. and Affiliate:

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 consolidated financial statements of Anchorage Children's Home of Bay County, Inc. and Affiliate, (the Organization), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 1, 2026.

Report on Internal Control over Financial Reporting

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

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

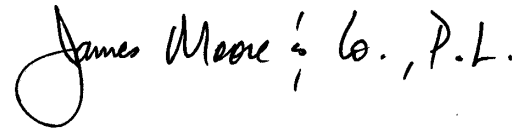
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large, looped initial 'J'.

Tallahassee, Florida
April 1, 2026

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND CHAPTER 10.650, RULES OF THE STATE OF FLORIDA, OFFICE OF THE AUDITOR GENERAL

To the Board of Directors,
Anchorage Children's Home of Bay County, Inc. and Affiliate:

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited Anchorage Children's Home of Bay County, Inc. and Affiliate's (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the *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 state projects for the year ended June 30, 2025. The Organization's major federal programs and state projects are identified in the accompanying schedule of findings and questioned costs.

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 each of its major federal programs and state projects for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program and State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Chapter 10.650, Rules of the State of Florida, Office of the Auditor General (Chapter 10.650). Our responsibilities under those standards, the Uniform Guidance and Chapter 10.650 are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibility 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 GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650, Rules of the State of Florida, Office 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 state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650, Rules of the State of Florida, Office 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 Chapter 10.650, Rules of the State of Florida, Office 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.

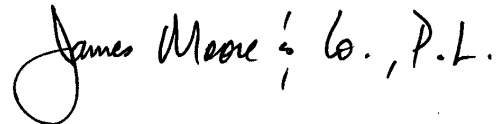
Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program 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. 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.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.650, Rules of the State of Florida Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

James Moore & Co., P.L.

Tallahassee, Florida
April 1, 2026

**ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC. AND AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2025**

I. Summary of Auditors' Results:

Financial Statements:

Type of audit report issued on the consolidated financial statements: *Unmodified.*

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Noncompliance material to consolidated financial statements noted? yes no

Federal Awards:

Internal control over major Federal programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Types of auditors' report issued on compliance for major Federal programs: *Unmodified.*

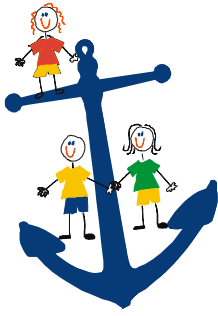
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major Federal programs:

Program Name	Federal Assistance Listing Number
Foster Care- Title IV-E	93.658
Temporary Assistance for Needy Families	93.558

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

Auditee qualified as low risk auditee? yes no



ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.

An Anchor for Today's Children... Strengthening Tomorrow's Families.

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC. AND AFFILIATE SUMMARY SCHEDULE OF PRIOR AUDIT FINDING JUNE 30, 2025

**Finding 2024-001: Material Adjustments and Preparation of Financial Statements –
Resolved in current year.**

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