

**MARION COUNTY CHILDREN'S
ADVOCACY CENTER, INC.**

FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2025

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ADVOCACY CENTER, INC.
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TABLE OF CONTENTS**

FINANCIAL SECTION	PAGE NO
Independent Auditor's Report	4 - 6
 BASIC FINANCIAL STATEMENTS	
Statement of Financial Position	7
Statement of Activities	8
Statement of Functional Expenses	9
Statement of Cash Flows	10
Notes to Financial Statements	11 - 19
 SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards and State Financial Assistance	21
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	22
 OTHER REPORTS AND LETTERS	
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>	24 - 25
Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and On Internal Control Over Compliance required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General	26 - 28
Management Letter	29 - 30
Communication with Those Charged with Governance	31 - 32
Schedule of Findings and Questioned Costs	33 - 34
Management Response	35

FINANCIAL SECTION



Powell and Jones CPA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Marion County Children's Advocacy Center, Inc.
Ocala, Florida

Opinion

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

In our opinion, the financial statements present fairly, in all material respects, the financial position of 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 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 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.

Emphasis of Matter — Prior Period Restatement

As discussed in Note 15 to the financial statements, the June 30, 2024 financial statements have been restated to reflect previously unrecorded grant revenue, capital asset additions, and related payables. As a result of this restatement, beginning net assets as of July 1, 2024 increased by \$274,603. In addition, total assets and total liabilities as of June 30, 2024 increased by \$402,283 and \$127,680, respectively. 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 these 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess 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 matters that we identified during the audit.

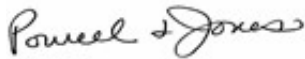
Supplementary Information

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 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 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 statement of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 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.

A handwritten signature in cursive script that reads "Powell & Jones".

Powell and Jones CPA
Lake City, Florida
February 16, 2026

MARION COUNTY CHILDREN'S ADVOCACY CENTER, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2025

	2025
ASSETS	
Current assets	
Cash	\$ 1,120,250
Grants and other receivables	204,430
Prepaid expenses	23,520
Total current assets	1,348,200
Property and equipment	
Land, building and improvements	3,093,857
Furniture, fixtures and equipment	360,281
Less accumulated depreciation	(710,946)
Total property and equipment, net	2,743,192
Other assets	
Interest in beneficial trust	20,481
Loan costs, net	25,636
Donated assets	1,500
Deposits	3,325
Total other assets	50,942
Total assets	\$ 4,142,334
LIABILITIES	
Current liabilities	
Accounts payable	\$ 13,218
Accrued payroll expenses	167,020
Other current liabilities	15,218
Mortgages payable, current portion	593,171
Total current liabilities	788,627
Long-term liabilities	
Mortgages payable	38,555
Total liabilities	827,182
NET ASSETS	
Without donor restrictions	
Net investment in property and equipment	2,743,192
Undesignated	521,960
Total without donor restrictions	3,265,152
With donor restrictions	50,000
Total net assets	\$ 3,315,152

See notes to financial statements.

MARION COUNTY CHILDREN'S ADVOCACY CENTER, INC.
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS			
SUPPORT AND REVENUE			
Contributions	\$ 512,582	\$ -	\$ 512,582
Fundraising (less \$55,557 of direct expenses)	458,852	-	458,852
Federal and state grants	1,739,894	-	1,739,894
Local grants	408,598	-	408,598
Rental income	19,933	-	19,933
Interest income	12,377	-	12,377
Other income	969	-	969
Net assets released from restriction	482,283	(482,283)	-
Total support and revenue	3,635,488	(482,283)	3,153,205
EXPENSES			
Program services	1,968,652	-	1,968,652
General and administrative	133,382	-	133,382
Fundraising	100,579	-	100,579
Total expenses	2,202,613	-	2,202,613
Change in net assets	1,432,875	(482,283)	950,592
Net assets, beginning of year, restated	1,832,277	532,283	2,364,560
Net assets, end of year	\$ 3,265,152	\$ 50,000	\$ 3,315,152

See notes to financial statements.

MARION COUNTY CHILDREN'S ADVOCACY CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For Fiscal Year Ended June 30, 2025

	Program Services	General and Administrative	Fundraising	Total
Expenses				
Advertising	\$ -	\$ 1,355	\$ -	\$ 1,355
Amortization	4,510	825	165	5,500
Bank charges	-	3,319	-	3,319
Computer and IT expenses	15,025	2,748	550	18,323
Copier lease	3,978	728	146	4,851
Depreciation expense	74,954	13,711	2,742	91,407
Dues and subscriptions	6,162	-	-	6,162
Insurance expense	149,284	27,308	5,462	182,054
Interest expense	11,029	2,018	404	13,450
Miscellaneous expense	24,732	4,524	905	30,161
Office expense	35,841	6,556	1,311	43,709
Payroll - Director	101,915	20,383	13,589	135,887
Payroll - Salaries and wages	1,293,602	13,762	68,809	1,376,172
Payroll taxes	93,709	17,142	3,428	114,279
Postage and delivery	1,326	244	58	1,628
Professional fees	-	6,750	-	6,750
Program expense	28,209	-	-	28,209
Rent expense	5,487	1,004	201	6,692
Repairs and maintenance	17,391	3,181	636	21,209
Retirement expense	28,037	1,524	914	30,475
Telephone expense	10,499	1,921	384	12,804
Training expense	36,349	-	-	36,349
Travel	2,670	-	-	2,670
Utilities expense	23,942	4,380	876	29,198
Total expenses	\$ 1,968,652	\$ 133,382	\$ 100,579	\$ 2,202,613

See notes to financial statements.

MARION COUNTY CHILDREN'S ADVOCACY CENTER, INC.
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2025

	2025
Cash flows from operating activities:	
Increase (decrease) in net assets	\$ 950,592
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Amortization expense	5,500
Depreciation expense	91,407
(Increase) decrease in operating assets	
Grants and other receivables	370,068
Prepaid expenses	38,191
Interest in beneficial trust	(1,897)
(Decrease) increase in operating liabilities	
Accounts payable & other liabilities	(136,567)
Accrued expenses	15,269
Net cash provided by operating activities	1,332,563
 Cash flows from investing activities:	
Purchase of property and equipment	(1,299,241)
Net cash used for investing activities	(1,299,241)
 Cash flows from financing activities:	
Proceeds from borrowings	573,128
Payments on borrowings	(47,598)
Net cash provided by financing activities	525,530
 Net increase in cash and cash equivalents	558,852
Cash and cash equivalents at beginning of year	561,398
Cash and cash equivalents at end of year	\$ 1,120,250

See notes to financial statements.

MARION COUNTY CHILDREN'S ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1. Summary of Significant Accounting Policies

Reporting Entity

The Marion County Children's Advocacy Center, Inc. (the Organization) is a non-profit organization organized in the State of Florida in May, 1999. The purpose of the organization is to identify, develop, and implement case management and treatment approaches for abused and neglected children.

Financial Statement Presentation

The financial statements of the organization have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles. In accordance with relevant standards, the net assets of the organization and changes therein are classified and reported as follows:

- Net assets without donor restrictions - Net assets that are not subject to donor imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Marion County Children's Advocacy Centers, Inc.'s management and the board of directors.
- Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by passage of time. Other restrictions are perpetual by nature, where by the donor has stipulated the funds be maintained in perpetuity.
- Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Recognition of Donor Restricted Contributions

Unconditional contributions are recognized as revenue when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions.

Revenue Recognition

Support received from governmental and private sources are recognized as support when performance occurs pursuant to the contract agreement.

Gifts of cash and other assets received with donor stipulations that limit the use of the donated assets are reported as a donor-restricted contribution. When a restriction ends, or the purpose of the

restriction is accomplished, donor-restricted net assets are reclassified to net assets without donor restrictions and are reported as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same reporting period are reported as contributions without donor restrictions in that period.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Revenues and expenses are recognized and recorded when earned or incurred.

Use of Estimates

The accompanying financial statements have been prepared in conformity with U.S. generally accepted accounting principles, which requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Tax Status

The Marion County Children's Advocacy Center, Inc. is a Florida not-for-profit corporation which is not classified as a private foundation by the Internal Revenue Service and is exempt from income tax under Section 501c(3) of the Internal Revenue Code. Accordingly, the financial statements do not reflect a provision for income taxes.

It is the policy of management to evaluate its tax positions on an ongoing basis and to disclose any such positions it believes would have a material impact on the financial statements and related notes. Management believes that no such required disclosures exist.

The Organization is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before 2021. The Organization would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties, if any, in operating expenses.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, The Marion County Children's Advocacy Center, Inc. considers all investments with an original maturity of three months or less when purchased to be cash equivalents.

Property and Equipment

Property and equipment is stated at cost or, if donated, at estimated fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of 5-7 years for furniture and equipment and 39 years for buildings.

Functional Expenses

Costs are charged to program services, management and administrative, and fund raising functions based on direct expenditures incurred. Expenses not directly chargeable to these functional categories are allocated based on direct labor or square footage.

Expenses that are allocated include the following: telephone, utilities, lease expenses, certain insurance expenses printing and supplies, and certain other expenses.

Subsequent Events

The Marion County Children's Advocacy Center, Inc. has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through February 16, 2026, the date the financial statements were available to be issued.

Property and Depreciation

The Organization follows the practice of capitalizing all expenditures in excess of \$2,000 at cost, or, if donated, at fair market value at date of acquisition. Proceeds from the sale of properties, if unrestricted, are transferred to operating net asset balances, or if restricted, to amounts restricted for property acquisitions. The Organization utilizes straight line depreciation with a useful life of 5-7 years for furniture and equipment and 39 years for buildings. A summary of the Organization's fixed assets at June 30, 2025, follows:

<u>Assets</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land & Improvements	\$ 329,651	\$ -	\$ -	\$ 329,651
CIP - Building	681,727	1,267,232	(1,948,959)	-
Buildings and improvements	815,247	1,948,959	-	2,764,206
Furniture and fixtures	62,333	27,361	-	89,694
Machinery and equipment	254,993	4,648	-	259,641
Intangible asset	10,946	-	-	10,946
Total fixed assets	<u>2,154,897</u>	<u>3,248,200</u>	<u>(1,948,959)</u>	<u>3,454,138</u>
Less accumulated depreciation	(608,593)	(91,407)	-	(700,000)
Less accumulated amortization	<u>(10,946)</u>	<u>-</u>	<u>-</u>	<u>(10,946)</u>
Total fixed assets, net	<u>\$ 1,535,358</u>	<u>\$ 3,156,793</u>	<u>\$ (1,948,959)</u>	<u>\$ 2,743,192</u>

Depreciation expense for the fiscal year ended June 30, 2025 is \$91,407.

NOTE 2. Grants and other Receivables

Amounts due for grant awards that are service contracts are recorded by the Organization as receivable in the period in which the services are provided. Grants with no restriction are recorded as revenue when notification of the grant is received and are considered unconditional promises to give. The following is a summary of grants and other receivables at June 30, 2025:

Receivables- Grant	\$ 204,430
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Based upon historical collections, the Organization has classified these receivables as fully collectible.

Note 3. Credit Line

The Organization has a revolving line of credit with First Federal Bank with a limit of \$250,000. There is no balance on this credit line as of June 30, 2025.

NOTE 4. CONTINGENCIES

There is a contingent liability due to the fact that all possible regulatory audits of the Organization's operations have not been completed for the fiscal year ended June 30, 2025. Any eventual expenditures determined to not be in compliance with grant regulations would be subject to repayment by the Organization. The Organization's administration believes that all expenditures were significantly in compliance with appropriate grant regulations.

NOTE 5. DONATED SERVICES

The Organization received a substantial amount of donated services from unpaid volunteers who serve as officers and board members and assist in special programs. No amounts have been recognized in the statement of activities because the criteria for recognition under Financial Accounting Standards Board Codification (ASC) 958 "Not-for-Profit Entities" have not been satisfied.

NOTE 6. INVENTORIES

It has consistently been the policy of the Organization to record acquisition of goods and supplies as expenditures at the time of purchase. The amount of such inventory on hand at any one time would be a nominal amount and considered to be immaterial.

NOTE 7. CONCENTRATION OF CREDIT RISK

Financial instruments that subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents in local banks which may at times exceed the FDIC limits. At June 30, 2025, the total bank balances were \$1,120,250 of which \$270,500 was covered by federal depository insurance.

NOTE 8. RISK MANAGEMENT

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Organization carries insurance. Insurance against losses are provided through various commercial insurers for the following types of risk:

- General and Professional Liability
- Personal Property Damage
- Automobile Physical Damage and Liability
- Directors' and Officers' Liability

NOTE 9. ACCRUED COMPENSATED ABSENCES

Beginning with the first day of employment employees are compensated for their unused annual leave upon termination, up to a maximum of two hundred and fifty hours. The Organization had a liability of \$167,020 for accrued compensated absences at June 30, 2025.

NOTE 10. PENSION PLAN

The Organization has not adopted a pension plan.

NOTE 11. LEASES

The Organization leases a storage facility and office equipment under short-term lease arrangements. These leases are month-to-month and do not contain non-cancelable terms in excess of twelve months.

The Organization has elected the short-term lease recognition exemption under accounting principles generally accepted in the United States of America. Accordingly, lease payments are recognized as expense on a straight-line basis over the lease term, and no right-of-use assets or lease liabilities are recorded in the accompanying statement of financial position.

Lease expense for the year ended June 30, 2025, was \$11,543.

NOTE 12. INVESTMENTS AND ENDOWMENT

The Organization holds a beneficial interest in assets maintained by the Community Foundation of Ocala/Marion County (the "Foundation"). The funds are held and invested by the Foundation in accordance with its investment and spending policies. The Organization is the beneficiary of these funds.

Nature of Funds

The beneficial interest represents a donor-restricted endowment fund established for the benefit of the Organization. The assets are not in the possession or control of the Organization; however, the Organization recognizes its interest in the fair value of the underlying assets.

Interpretation of Relevant Law

The Organization classifies endowment net assets in accordance with the Florida Uniform Prudent Management of Institutional Funds Act (UPMIFA). Under this guidance, the original value of gifts and related investment earnings are classified as net assets with donor restrictions until appropriated for expenditure in accordance with donor intent.

Return Objectives and Risk Parameters

The Foundation invests endowment assets in a diversified portfolio that includes equity and fixed income securities with the objective of preserving capital while generating a reasonable, long-term return.

Spending Policy

Distributions from the endowment are made in accordance with the Foundation's established spending policy. The Organization may request distributions for purposes consistent with donor intent.

Endowment Net Asset Composition

Endowment net assets consisted of the following at June 30, 2025:

	With Donor Restrictions	Without Donor Restrictions	Total
Beneficial interest in endowment	\$20,481	\$—	\$20,481

Changes in Endowment Net Assets

Changes in endowment net assets for the year ended June 30, 2025 were as follows:

	With Donor Restrictions	Without Donor Restrictions	Total
Endowment net assets, beginning of year	\$19,307	\$—	\$19,307
Investment return, net	\$1,174	\$—	\$1,174
Endowment net assets, end of year	\$20,481	\$—	\$20,481

Funds with Deficiencies

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level required by donor stipulations. There were no such deficiencies as of June 30, 2025.

NOTE 13. FAIR VALUE MEASUREMENTS

The Organization follows FASB ASC 820, Fair Value Measurement, which defines fair value and establishes a framework for measuring fair value using a hierarchy of inputs.

ASC 820 establishes a three-level hierarchy for inputs used in measuring fair value:

- Level 1 - Quoted prices in active markets for identical assets.
- Level 2 - Observable inputs other than quoted prices included in Level 1.
- Level 3 - Unobservable inputs based on management's assumptions.

The following table presents the Organization's financial assets measured at fair value on a recurring basis as of June 30, 2025:

Description	Level 1	Level 2	Level 3	Total
Interest in Beneficial Trust	\$—	\$20,481	\$—	\$20,481

The fair value of the interest in beneficial trust is based on the Organization's proportionate share of the underlying investments and information provided by the fund manager. Accordingly, the investment is classified within Level 2 of the fair value hierarchy.

There were no transfers between Level 1, Level 2, or Level 3 during the year.

The carrying amounts of cash and cash equivalents, grants and other receivables, and accounts payable approximate fair value due to their short-term nature.

NOTE 14. LIQUIDITY

Marion County Children’s Advocacy Center, Inc.’s financial assets available within one year of June 30, 2025 for general expenditures are as follows:

Cash	\$	1,120,250
Grant and other receivables		204,430
Less: donor restrictions		(50,000)
Total financial assets available within one year	\$	<u>1,274,680</u>

The Organization manages its liquidity by maintaining adequate operating reserves and monitoring cash flows on a monthly basis. Grant revenues are generally received on a reimbursement basis; therefore, management monitors receivable balances and reimbursement timing to ensure sufficient liquidity. The Organization maintains cash reserves sufficient to meet ongoing liquidity requirements. As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 15 – PRIOR PERIOD RESTATEMENT

The June 30, 2024 financial statements have been restated to reflect previously unrecorded grant revenue, capital asset additions, and related payables as follows:

Adjustment 1 – Grant Revenue (Without Donor Restrictions)

Grant revenue earned in the prior year was understated by \$274,603, resulting in an increase in net assets without donor restrictions.

Statement of Activities (Prior Year)

Description	As Previously Reported	Adjustment	As Restated
Grant Revenue (Without Donor Restrictions)	\$1,528,883	\$274,603	\$1,803,486

Statement of Financial Position (Prior Year)

Description	As Previously Reported	Adjustment	As Restated
Grants and Other Receivables	\$299,895	\$274,603	\$574,498
Net Assets Without Donor Restrictions	\$2,089,957	\$274,603	\$2,364,560

Impact: Increased net assets without donor restrictions by \$274,603.

Adjustment 2 – Capital Assets and Accounts Payable

Certain prior year capital expenditures totaling \$127,680 were not recorded and have been capitalized in accordance with ASC 958 property and equipment guidance.

Statement of Financial Position (Prior Year)

Description	As Previously Reported	Adjustment	As Restated
Property and Equipment	\$1,698,692	\$127,680	\$1,826,372
Accounts Payable	\$37,316	\$127,680	\$164,996

Impact: Increased total assets and total liabilities by \$127,680, with no effect on total net assets. The adjustment results in a reclassification within net assets, increasing net assets invested in property and equipment and decreasing net assets without donor restrictions.

Overall Effect of Restatement

Description	Total Impact
Increase in Total Assets	\$402,283
Increase in Total Liabilities	\$127,680
Increase in Net Assets Without Donor Restrictions	\$274,603

The correction of these errors increased beginning net assets as of July 1, 2024 by \$274,603. Total assets increased by \$402,283 and total liabilities increased by \$127,680 as of June 30, 2024.

NOTE 16 – FEDERAL INTEREST IN REAL PROPERTY

During the year ended June 30, 2025, the Organization placed into service real property constructed in part with funds received under the Community Development Block Grant (CDBG) program. The Organization has entered into certain Community Development Block Grant arrangements with Marion County, Florida secured by liens/mortgage on real property totaling \$1,005,729, consisting of individual amounts of \$505,729, \$325,000, and \$175,000. Under the related agreements the property is subject to a compliance period of up to ten years, during which the Organization generally may not sell, transfer, or further encumber the property without prior written consent, and amounts received may become subject to repayment in the event of default or noncompliance with the applicable grant terms and conditions.

NOTE 17 – MORTGAGE PAYABLE

Mortgage Payable – Building Loan #1

The Organization has a mortgage payable secured by real property bearing interest at 3.75% per annum. The note requires monthly principal and interest payments of \$1,796 and matures in April 2028.

The outstanding balance at June 30, 2025 was \$58,598.

Future maturities of long-term debt as of June 30, 2025 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 21,365	\$ 1,983	\$ 23,348
2027	20,506	1,046	21,552
2028	16,727	276	17,003
Total	<u>\$ 58,598</u>	<u>\$ 3,305</u>	<u>\$ 61,903</u>

Mortgage Payable – Building Loan #2

The Organization previously had a mortgage payable secured by real property for \$865,000. The outstanding balance at June 30, 2025 was approximately \$573,128.

The mortgage was paid in full on July 15, 2025. See Note 20 – Subsequent Events.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 573,128	\$ 4,592	\$ 577,720

NOTE 18. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through February 16, 2026, the date the financial statements were available to be issued. On July 15, 2025, the Organization paid in full the outstanding mortgage balance of \$577,720.

NOTE 19. RESTRICTED NET ASSETS

Marion County Children’s Advocacy Center, Inc. has net assets restricted by donors of \$50,000. Additionally, the Organization received funds in the form of a Community Development Block grant to purchase and Improve a building. These funds have been fully expended and are no longer restricted.

COMPLIANCE SECTION

MARION COUNTY CHILDREN'S ADVOCACY CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/ Program Title	Assistance Listing Number/CSFA	Grantor Number	Program Award Amount	Prior year Expenditures	Current year Expenditures	Major Program
FEDERAL AWARDS						
Department of Justice Passed through Florida Department of Legal Affairs						
Victims of Crime Act	16.575	VOCA-C-2023-Marion County Children's Advocac-00021	\$ 204,095	\$ 147,212	\$ 56,799	
Victims of Crime Act	16.575	VOCA-C-2024-Marion County Children's Advocac-00133	148,739	-	95,009	
			<u>352,834</u>	<u>147,212</u>	<u>151,808</u>	
Department of Economic Opportunity						
Community Development Block Grant CARES (CDBG-CV)	14.218	2022	505,729	223,904	281,825	*
Community Development Block Grant CARES (CDBG-CV)	14.218	2024	325,000	-	323,775	*
			<u>1,005,729</u>	<u>398,904</u>	<u>605,600</u>	
Total federal awards			<u>\$ 1,358,563</u>	<u>\$ 546,116</u>	<u>\$ 757,408</u>	
STATE FINANCIAL ASSISTANCE						
Department of Health and Human Services Passed through Children's Medical Services/Child Protection Team						
Children's Advocacy Center Services Program	64.006	CP1M1	\$ 1,448,834	\$ 698,040	\$ 750,794	*
Department of Legal Affairs/OAG						
Florida Network CAC	41.031	24/25-BTG & GR CAC09	222,385	-	220,517	
Department of Children & Families						
Florida Network CAC	60.124	24-25 DCF-CAC-09	7,046	-	7,046	
Department of Highway Safety and Motor Vehicles Passed through Florida Network of Children's Advocacy Centers (FNCAC)						
Child Abuse License Plate & Voluntary Contribution Plan	76.067	24-25-LPVC-CAC-09	4,130	-	4,130	
Total state financial assistance			<u>\$ 1,682,395</u>	<u>\$ 698,040</u>	<u>\$ 982,487</u>	

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

MARION COUNTY CHILDREN'S ADVOCACY CENTER, INC.

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE**

For the Fiscal Year Ended June 30, 2025

NOTE 1. Basis of Presentation

The accompanying Schedule of Federal Awards and State Financial Assistance (the Schedule) includes the Federal Awards and State Financial Assistance activity of the Marion County Children's Advocacy Center, Inc. (Organization) for the year ended June 30, 2025 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 10.550, Rules of the State of Florida, Office 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, change in net assets, or cash flows of the Organization.

Note 2. Summary of Significant Accounting Policies

The Schedule of Expenditures of Federal Awards and State Financial Assistance is presented on the accrual basis of accounting. Expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowed or are limited to reimbursement.

Note 3. Contingencies

Contract payments received and disbursed by the Organization are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. In the opinion of the management, all grant expenditures are in compliance with the terms of the grant agreements and applicable state laws and regulations.

Note 4. Noncash Assistance

The Organization did not receive any state noncash assistance for the year ended June 30, 2025.

Note 5. Indirect Cost Rate

The Organization did not use the 10 percent de minimis indirect cost rate.

Note 6. Subrecipients

The Organization had no subrecipients during the fiscal year.

OTHER REPORTS AND LETTERS



Powell and Jones CPA

204 N. Marion Ave.
Lake City, Florida 32055
Phone: 386.755.4200

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
Marion County Children's Advocacy Center, Inc.
Ocala, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Marion County Children's Advocacy Center, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 16, 2026.

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) to determine the audit procedures that were appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. During our audit, we did not identify any deficiencies that were considered 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 2025-001 to be a significant deficiency.

Compliance and Other Matters

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

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.



Powell and Jones CPA
Lake City, Florida
February 16, 2026



Powell and Jones CPA

204 N. Marion Ave.
Lake City, Florida 32055
Phone: 386.755.4200

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

To the Board of Directors
Marion County Children's Advocacy Center, Inc.
Ocala, Florida

Opinion on Each Major Federal Program and State Project

We have audited Marion County Children's Advocacy Center, Inc. (the Organization), compliance with the types of compliance requirements identified as subject to an audit in the *OMB Compliance Supplement* and 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 are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of Auditor General*. Our responsibilities under those standards, the Uniform Guidance, and Chapter 10.550 *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 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.

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 Chapter 10.550, *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 state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance and Chapter 10.550 Rules of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess 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.

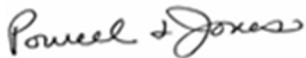
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the Organization's compliance.

Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency or 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. We did not identify any deficiencies in internal control over compliance that we consider to be a significant deficiency.

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 *Uniform Guidance* and Chapter 10.550 Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.



Powell and Jones CPA
Lake City, Florida
February 16, 2026



Powell and Jones CPA

204 N. Marion Ave.
Lake City, Florida 32055
Phone: 386.755.4200

MANAGEMENT LETTER

To the Board of Directors
Marion County Children's Advocacy Center, Inc.
Ocala, Florida

Report on Financial Statements

We have audited the financial statements of Marion County Children's Advocacy Center, Inc. (the Organization) as of and for the year ended June 30, 2025, and have issued our report thereon dated February 16, 2026.

Auditor's Responsibility

We conducted our audit 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, *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 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated February 16, 2026, should be considered in conjunction with this management letter.

Additional Matters

In planning and performing our audit of the financial statements of the Organization for the fiscal year ended June 30, 2025, we considered the Organization's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

Section 10.654(1)(e), Rules of the Auditor General and *Government Auditing Standards* require us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or State project amounts that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

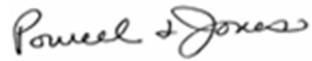
There are no other matters that are immaterial to our audit which we believe merit your attention.

Purpose of this Letter

This communication is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors and applicable management of the Organization, and is not intended to be and should not be used by anyone other than these specified parties.

Conclusion

We very much enjoyed the challenges and experiences associated with our audit of the Organization. We appreciate the helpful assistance and courtesy afforded us by all employees and look forward to working with you in the future.

A handwritten signature in cursive script that reads "Powell & Jones".

Powell and Jones CPA
Lake City, Florida
February 16, 2026



Powell and Jones CPA

204 N. Marion Ave.
Lake City, Florida 32055
Phone: 386.755.4200

Communication with Those Charged with Governance

To the Board of Directors
Marion County Children's Advocacy Center, Inc.
Ocala, Florida

We have audited the financial statements of Marion County Children's Advocacy Center, Inc. (the Organization) for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2025. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no sensitive estimates affecting the Organization's financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures affecting the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements identified during our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 16, 2026.

Management Consultations with Other Independent Accountants

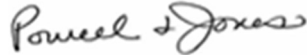
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Organization’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization’s auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of Marion County Children’s Advocacy Center, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Powell and Jones CPA
Lake City, Florida
February 16, 2026

MARION COUNTY CHILDREN'S ADVOCACY CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2025

Section 1. Summary of Auditor's Results

Financial statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
* Material weakness identified?	No
* Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards and State Projects:

Internal control over major Federal programs and State projects:	
* Material weakness identified?	No
* Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs Federal programs and State projects:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section	
Identification of major programs: 200.516(a) of the <i>Uniform Guidance</i>	No

<u>Federal Programs</u>	<u>Assistance Listing No.</u>
<i>U.S. Department of Economic Opportunity</i>	
Community development block grant CARES (CDBG-CV)	14.218
<u>State Projects</u>	<u>CSFA No.</u>
<i>Florida Department of Health and Human Services</i>	
Passed through Children's Medical Services/Child Protection Team	64.006

Dollar threshold used to distinguish between Type A and Type B programs:	
Federal	\$ 750,000
State	\$ 294,746
Auditee qualified as low-risk auditee	No

MARION COUNTY CHILDREN'S ADVOCACY CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Fiscal Year Ended June 30, 2025

Section 2. Financial Statement Findings

2025-001: Prior Period Adjustment – Financial Statement Errors

Criteria:

Financial statements should be prepared in accordance with GAAP using the accrual basis of accounting, under which revenues are recognized when earned and expenditures when incurred in the proper period.

Condition:

The Organization maintained its accounting records substantially on a cash basis during the year ended June 30, 2025. As a result, audit adjustments were required to convert the records to the accrual basis for financial statement preparation.

Similar errors were identified in the June 30, 2024 financial statements, including unrecorded grant revenue, capital assets, and related liabilities.

Effect:

A prior period adjustment was required to correct the June 30, 2024 financial statements, resulting in an increase to beginning net position of \$274,603. Assets increased by \$402,283 and liabilities increased by \$127,680.

In addition, material year-end audit adjustments were required in the current year to properly record revenues, capital assets, and liabilities. As a result, the financial statements relied on audit adjustments to be in accordance with GAAP.

Cause:

The Organization maintained its books on a cash basis rather than the accrual basis required under GAAP. In addition, year-end review and reconciliation procedures were not sufficient to identify and record necessary accruals.

Recommendation:

We recommend that management maintain its accounting records on the accrual basis throughout the year, including timely recognition of grant revenue, capital assets, and related liabilities.

Management should also strengthen year-end closing procedures by implementing detailed review and reconciliation processes to ensure financial statements are complete and accurate prior to audit.

Section 3. Findings and Questioned Costs – Federal Programs and State Projects

There were no findings or questioned costs noted related to the Organization's Federal and State programs.



April 30, 2026

To Whom it May Concern:

Management acknowledges the finding and concurs with the auditor's observation. During the year ended June 30, 2025, certain accounting records, primarily related to grant revenues and expenses, were maintained on a cash basis, resulting in audit adjustments to convert those records to the accrual basis in accordance with GAAP. Management also recognizes that similar issues were identified in the prior year.

Management is implementing procedures to ensure all financial activity is recorded on an accrual basis throughout the year. These procedures include enhanced reviews of revenue recognition, capital asset activity, and liability recording. In addition, management will review transactions occurring in the three months after year-end to ensure proper cutoff.

Management expects these corrective actions to be implemented during the fiscal year ending June 30, 2026.

Thank you,

A handwritten signature in black ink, appearing to read "Dawn Westgate", is written over the typed name.

Dawn Westgate, MNM
Executive Director