FLAGLER CARES, INC.
FINANCIAL REPORT

Year Ended June 30, 2023

CONTENTS

ABARE, KRESGE & ASSOCIATES CPAS, LLC
CERTIFIED PUBLIC ACCOUNTANTS
1200 Plantation Island Drive South, Ste 230 (904) 460-0747
St. Augustine, FL 32080 Fax (904) 209-3000

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Flagler Cares, Inc. (the "Organization"), a Florida not-for-profit corporation, which comprise the statement of financial position as of June 30, 2023 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Flagler Cares, Inc. as of June 30, 2023, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Flagler Cares, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter: COVID-19 Pandemic

As discussed in Note 16 to the financial statements, management has evaluated the operational and financial effect on the Organization of the COVID-19 pandemic. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, we:

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Flagler Cares, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

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

Abare, Kresge & Associates CPAs, LLC

Abare, Kresge & Associates CPAs, LLC
St. Augustine, FL
December 4, 2023

FLAGLER CARES, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023

ASSETS	
Cash and cash equivalents	$ 483,605
Grants and contracts receivable, net	114,584
Prepaid expenses	3,017
Right-of-use asset, operating	354,809
Property and equipment, net	78,669
Deposits	24,227
TOTAL ASSETS	$ 1,058,911
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	$ 52,338
Other current liabilities	19,127
Deferred revenue	53,915
Right-of-use liability, operating	422,376
TOTAL LIABILITIES	547,756
NET ASSETS	
Without donor restrictions	511,155
With donor restrictions	-
Total net assets	511,155
TOTAL LIABILITIES AND NET ASSETS	$ 1,058,911

See accompanying notes

FLAGLER CARES, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND PUBLIC SUPPORT			
Contributions	$ 1,005,277	$ -	$ 1,005,277
United Way	135,000	-	135,000
Federal grants	-	67,542	67,542
Other grants and contracts	1,618,513	-	1,618,513
Professional service fees	185,869	-	185,869
Member support	103,000	-	103,000
Sublease income	55,930	-	55,930
Other	29,618	-	29,618
Total revenue and public support	3,133,207	67,542	3,200,749
NET ASSETS RELEASED FROM RESTRICTIONS	67,542	(67,542)	-
EXPENSES			
Program	2,652,581	-	2,652,581
General and administrative	173,942	-	173,942
Total expenses	2,826,523	-	2,826,523
CHANGE IN NET ASSETS	374,226	-	374,226
NET ASSETS, BEGINNING	136,929	-	136,929
NET ASSETS, ENDING	$ 511,155	$ -	$ 511,155

See accompanying notes

FLAGLER CARES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023

	Program Services				Supporting Services	
	Access to Care	Financial/Housing Stabilization	Professional Services	Total Program Services	General and Administrative	Total
Salaries and wages	$ 269,004	$ 173,457	$ 349,483	$ 791,944	$ 64,212	$ 856,156
Employee benefits and costs	25,134	16,207	32,653	73,994	5,999	79,993
Payroll taxes	20,596	13,280	26,758	60,634	4,916	65,550
Total employee costs	314,734	202,944	408,894	926,572	75,127	1,001,699
Client expenses	1,810	179,212	-	181,022	-	181,022
Dues and subscriptions	-	-	-	-	5,119	5,119
Equipment	2,592	2,592	-	5,184	576	5,760
Insurance	1,856	1,857	-	3,713	413	4,126
Licenses and fees	-	-	-	-	245	245
Occupancy	77,726	77,726	-	155,452	17,272	172,724
Operating expenses and supplies	22,241	22,241	-	44,482	4,942	49,424
Professional services	13,097	-	-	13,097	20,811	33,908
Software and IT support	123,624	123,624	-	247,248	27,472	274,720
Subcontract services	1,048,512	-	-	1,048,512	-	1,048,512
Supplies	2,197	287	191	2,675	6,879	9,554
Training and meetings	-	-	-	-	7,610	7,610
Travel	7,678	3,412	-	11,090	5,972	17,062
Total expenses before depreciation	1,616,067	613,895	409,085	2,639,047	172,438	2,811,485
Depreciation	6,767	6,767	-	13,534	1,504	15,038
Total expenses	$ 1,622,834	$ 620,662	$ 409,085	$ 2,652,581	$ 173,942	$ 2,826,523

See accompanying notes

FLAGLER CARES, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 374,226
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	15,038
Net changes in:	
Grants and contracts receivable, net	23,244
Prepaid expenses	(1,028)
Right-of-use asset, operating	91,974
Deposits	(9,498)
Accounts payable and accrued expenses	(21,016)
Other current liabilities	14,895
Deferred revenue	52,240
Right-of-use liability, operating	(64,966)
Net cash provided by operating activities:	475,109
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(40,267)
Net cash used in investing activities:	(40,267)
CASH FLOW FROM FINANCING ACTIVITIES	
Net cash provided by financing activities:	-
NET INCREASE IN CASH	434,842
CASH, BEGINNING	48,763
CASH, ENDING	$ 483,605

See accompanying notes

NOTE 1 ORGANIZATION

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Classification of Net Assets

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

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

a) Net assets without donor restrictions: Net assets are resources over which the Board of Directors (the “Board”) has discretionary control including those unrestricted net assets.

b) Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. After the donor-imposed time or purpose restriction is satisfied, donor restricted net assets are reclassified to donor unrestricted net assets and reported within the statement of activities as net assets released from restrictions. At June 30, 2023, the Organization had no net assets with donor restrictions.

Revenue Recognition

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

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

For the year ended June 30, 2023, member support revenue received from local community organizations and agencies is discretionary and is recognized as received. Revenue from professional consultation services and special projects is recorded when services are provided.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts, including certain types of assets, liabilities, revenues and expenses, as well as disclosures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, actual results could differ from those estimated. The nature of these estimates, however, is such that variances from actual results are held to be immaterial.

Fair Value of Financial Instruments

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

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

Level 1

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

Level 2

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

Level 3

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

For the year ended June 30, 2023, all assets and liabilities qualified as level 1 under the fair value hierarchy.

Reclassifications

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

Cash and Cash Equivalents

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and Contracts Receivable

Grants and contracts receivable primarily consist of amounts due from member organizations for services provided and local agencies for grant and contract billings through June 30, 2023, that have not yet been collected. The Organization uses the direct write-off method for uncollectable amounts. All accounts receivable are considered fully collectable by the Organization as of June 30, 2023. As a result, no allowance for doubtful accounts has been recognized in the accompanying financial statements. Use of the direct write off method did not result in a material departure from accounting principles generally accepted in the United States of America.

Property and Equipment

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

Software is depreciated using the straight-line method over its estimated useful life of 5 years. Leasehold improvements are depreciated using the straight-line method over its estimated useful life of 10 years. Depreciation expense for the year ended June 30, 2023 was $15,038.

Deferred Revenue

Under accounting principles generally accepted in the United States of America, deferred revenue for is recorded only when the Organization receives funds prior to earning the revenue and not just when an exchange transaction agreement is entered into. For the Organization at June 30, 2023, deferred revenue, totaling $53,915, consists of professional services and grant funds received in advance of the period to which they relate.

Contributions

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Goods and Services

The Organization records the value of donated goods or services at their estimated value at the date of donation when there is an objective basis available to measure their value. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skill, are performed by people with those skills, and would otherwise be purchases of the Organization. The Organization received no donated goods or services that met the revenue recognition standard during the year ended June 30, 2023.

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

Income Taxes

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

Accounting for Income Taxes

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

As of June 30, 2023, the Organization had no temporary differences relating to the recognition of income and expenses for financial and tax reporting purposes. Accordingly, no deferred tax assets or liabilities are recorded. Additionally, as of June 30, 2023, the Organization had no uncertain tax positions that would qualify for either recognition or disclosure in the financial statements. Therefore, no reserves for uncertain income tax positions have been recorded pursuant to FASB ASC 740-10. In addition, no cumulative effect adjustment related to the adoption of FASB ASC 740-10 was recorded.

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

Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Organization's tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to additional tax, penalties, and interest as a result of such challenge. At June 30, 2023, the periods that remain open to examination under federal statute are for the tax years ended June 30, 2020 through 2022.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expense Allocation

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

Expense	Method of Allocation
Salaries and wages	Time and effort
Employee benefits and costs	Time and effort
Payroll taxes	Time and effort
Client expenses	Direct costs (est. usage)
Equipment	Square footage
Insurance	Square footage
Occupancy	Square footage
Operating expenses and supplies	Square footage
Professional services	Direct costs (est. usage)
Software and IT support	Square footage
Supplies	Direct costs (est. usage)
Travel	Direct costs (est. usage)
Depreciation	Square footage

Compensated Absences

Employees of the Organization are entitled to paid vacation, sick days and personal days off depending on length of service and other factors. At June 30, 2023, there was $19,702 of paid time off accrued.

Advertising

The Organization uses advertising to promote its programs and fundraising activities. The costs of advertising are expensed as incurred. For the year ended June 30, 2023, there were no advertising expenses incurred.

NOTE 3 GOVERNMENT GRANTS AND OTHER CONTRACTS RECEIVABLE

At June 30, 2023, government grants and other contracts receivable consisted of the following:

Advent Health	$ 11,250
City of Palm Coast	33,807
Flagler County Board of County Commissioners	20,720
Health Planning Council of NE Florida	35,089
One Voice for Volusia, Inc.	13,718
Total	$ 114,584

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2023:

Software	$ 66,800
Leasehold improvements	40,267
Total property and equipment	107,067
Less, accumulated depreciation	(28,398)
Property and equipment, net	$ 78,669

NOTE 5 GRANTS AND CONTRACTS

Grants and contract revenue consisted of the following at June 30, 2023:

HPC - Health Care Navigator	$ 67,542
ESFP - Phase 39 & ARPAR	14,540
DOH/HPC Health Equity	99,937
DOH OD2A	188,000
DOH CORE	1,063,241
CDBG Rent and Utility	75,127
CDBG Behavioral Health	56,578
CJMHSA Implementation	41,440
SMA Zero Suicide	20,000
AdventHealth SOAR	31,250
AdventHealth CHNA	8,400
AdventHealth Barrier Removal	20,000
Total	$ 1,686,055

NOTE 6 NET ASSETS RELEASED FROM RESTRICTIONS

Donor restricted net assets are released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors. Donor restricted net assets released during the year ended June 30, 2023 were utilized for the following purposes:

HPC - Health Care Navigator	$ 67,542
Total	$ 67,542

NOTE 7 NET ASSETS WITHOUT DONOR RESTRICTIONS

At June 30, 2023, the Organization's net assets without donor restrictions were $511,155. This amount is subject to the Organizations spending policy and appropriation.

NOTE 8 CONCENTRATIONS OF CREDIT RISK

Financial instruments, which potentially subject the Organization to concentrations of risk, consist primarily of bank accounts with balances in excess of amounts insured by the Federal Deposit Insurance Corporation ("FDIC"). The Organization maintains its cash balances with high quality financial institutions. Accounts at these institutions currently are insured by the FDIC up to $250,000. At times, such balances may be in excess of FDIC insurance limits. As of June 30, 2023, the Organization had cash balances, totaling $402,419, that were in excess of FDIC insurance limits.

NOTE 9 OTHER CONCENTRATIONS OF RISK

For the year ended June 30, 2023, the Organization received approximately 53% of its revenues from federal, state, and local grants and contracts, which are subject to annual renewal provisions. Additionally, the Organization receives substantial support from local community organizations and agencies. In the event these sources of revenue were to discontinue, the Organization would have a difficult time achieving current program goals.

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

NOTE 10 COMMITMENTS AND CONTINGENCIES

Disputes and Litigation

In normal course of business, the Organization could be party to various matters involving disputes and/or litigation. While it is not possible at this time to determine the ultimate outcome of any such matters, management believes that any ultimate liability will not be material to the financial statements. Management believes there is no pending or threatened litigation at June 30, 2023.

Grant and Contract Revenue and Support

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

NOTE 11 LIQUIDITY

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

The following reflects the Organization's financial assets as of June 30, 2023, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the financial position date:

Financial Assets	
Cash and cash equivalents	$ 483,605
Grants and contracts receivable, net	114,584
Financial assets, at year end	598,189
Less, those unavailable for general expenditures within one year, due to:	
Contractual or donor imposed restrictions:	(53,915)
Total restrictions of assets	(53,915)
Financial assets available to meet cash needs for general expenditures within one year	$ 544,274

NOTE 12 COMPONENTS OF PROGRAM AND SUPPORTING SERVICES

Program services consists of the following:

- Access to care: Coordination of access to health care and social services for residents;
- Financial/housing stabilization: Assistance and support services for individuals and families including financial counseling, rent/mortgage and utility assistance;
- Professional services: Consulting and other services to organizations in an effort to develop new programs, evaluate projects and provide expertise to agencies requiring assistance.

Supporting services consist of administrative activities.

NOTE 13 RELATED PARTY TRANSACTIONS

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

The term of the agreement is July 1, 2022 through June 30, 2023, and calls for monthly payment to the Organization in an amount equal to the expenses incurred to perform the obligations called for in the agreement. The total revenue recognized for these services was $184,369 for the year ended June 30, 2023, and is included in professional service fees on the accompanying statement of activities.

NOTE 14 LEASE COMMITMENTS

Operating Leases Following ASC 842

At June 30, 2023, the Company was subject to an operating lease arrangement under which it is the lessee. The Organization entered into a lease for office space under an operating lease agreement. The lease began November 1, 2021 and will continue for 60 months, ending on October 31, 2026. The lease has been amended several times to account for additional units being rented under the agreement. The amount recognized as a right-of-use asset and related current and long-term liabilities for this operating lease is included in the accompanying statement of financial position. Because management did not have access to the rate implicit in the lease, they used the Company’s incremental borrowing rate as its discount rate. A description of the terms of the operating lease is as follows:

Type	Operating
Term (months)	60
Monthly lease payment amount	$ 11,030
Annual rate increases	3.00%
Fixed/Variable	Fixed
Discount rate	6.00%
Determination of discount rate	Incremental borrowing rate
Renewal option?	No
Purchase option?	No
Purchase option amount	n/a

NOTE 14 OPERATING LEASES (Continued)

Operating Leases Following ASC 842 (Continued)

The components of the net lease cost for the year ended June 30, 2023 were as follows:

Operating lease cost:		
Fixed rent expense	$	119,377
Less, sublease income		(55,930)
Net lease cost	$	63,447
Lease cost - occupancy	$	119,377
Less, sublease income		(55,930)
Net lease cost	$	63,447

Cash flow information components related to operating leases for the year ended June 30, 2023 were as follows:

Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	$	92,368

Weighted average lease term and discount rate as of June 30, 2023 were as follows:

Weighted average of remaining life (years)	3.34
Weighted average of discount rate	6.00%

Future maturities due under its operating lease liabilities as of June 30, 2023 are as follows:

Year ending June 30,		
2024	$	135,003
2025		139,053
2026		143,224
2027		48,209
Total future minimum payments required		465,489
Less, effects of discounting		(43,113)
Operating lease liability, total	$	422,376
Reconciliation of total operating lease liability		
Operating lease liability, current	$	113,393
Operating lease liability, noncurrent		308,983
Operating lease liability, total	$	422,376

NOTE 15 PRIOR YEAR ADJUSTMENT FOR APPLICATION OF ASC 842

During the year ended December 31, 2022, the Organization changed its accounting method with respect to leases to comply with the newly effective standard, ASC 842. The current year impact of applying ASC 842 is reflected in the financial statements as well as in Note 13. Additionally, the following financial statement line items for the year ended December 31, 2021 would have been affected by this transaction as follows:

	As Previously Stated	As Adjusted	Effect of Adjustment
Right-of-use asset - operating	$ -	$ 446,783	$ 446,783
Right-of-use liability - operating	$ -	$ 487,342	$ 487,342
Net assets without donor restrictions	$ 177,488	$ 136,929	$ (40,559)
Occupancy	$ 138,972	$ 179,531	$ 40,559

NOTE 16 CORONAVIRUS (COVID-19)

In December 2019, a novel strain of coronavirus (COVID-19) was reported to have surfaced in China. The World Health Organization has characterized COVID-19 as a pandemic. The spread of this virus caused business disruption to the Organization due to stay-at-home orders issued by the State of Florida. The impact of COVID-19 to the Organization during the year ended June 30, 2023 is fully reflected in these financial statements. Subsequent to the statement of financial position date, the extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and the length of the stay-at-home orders, all of which are highly uncertain and cannot be predicted at this time.

NOTE 17 SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 4, 2023. The impact of Coronavirus (COVID-19) to the Organization is discussed in Note 16. No other events were identified as necessary to be disclosed to keep these financial statements from being misleading or that provide additional evidence about conditions that existed at June 30, 2023, including estimates inherent in the process of preparing these financial statements.

ABARE, KRESGE & ASSOCIATES CPAs, LLC
CERTIFIED PUBLIC ACCOUNTANTS
1200 Plantation Island Drive South, Ste 230 (904) 460-0747
St. Augustine, FL 32080 Fax (904) 209-3000

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Flagler Cares, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 4, 2023

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

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

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

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

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

Abare, Kresge & Associates CPAs, LLC

St. Augustine, FL
December 4, 2023