DASZKALBOLTON
accountants & advisors

Florence Fuller Child Development Centers, Inc. and Florence Fuller Child Development Foundation, Inc.

Consolidated Financial Statements

December 31, 2021 and 2020

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Independent Auditors' Report

To the Board of Directors
Florence Fuller Child Development Centers, Inc. and
Florence Fuller Child Development Foundation, Inc.
Boca Raton, Florida

Opinion

We have audited the accompanying consolidated financial statements of Florence Fuller Child Development Centers, Inc. and Florence Fuller Child Development Foundation, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Florence Fuller Childhood Development Centers, Inc. and Florence Fuller Child Development Foundation, Inc. as of December 31, 2021 and 2020, 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 consolidated Financial Statements section of our report. We are required to be independent of Florence Fuller Childhood Development Centers, Inc. and Florence Fuller Child Development Foundation, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Consolidated Financial Statements

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

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In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Florence Fuller Childhood Development Centers, Inc. and Florence Fuller Child Development Foundation, Inc.'s ability to continue as a going concern within one (1) year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Florence Fuller Child Development Centers, Inc. and Florence Fuller Child Development Foundation, 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Florence Fuller Child Development Centers, Inc. and Florence Fuller Child Development Foundation, 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.

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

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated August 4, 2022, on our consideration of Florence Fuller Childhood Development Centers, Inc. and Florence Fuller Child Development Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Florence Fuller Childhood Development Centers, Inc. and Florence Fuller Child Development Foundation, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Florence Fuller Childhood Development Centers, Inc. and Florence Fuller Child Development Foundation, Inc.'s internal control over financial reporting and compliance.

Boca Raton, Florida
August 4, 2022

December 31,		2021		2020
ASSETS				
Current assets:				
Cash and cash equivalents	$	2,098,818	$	2,066,939
Pledges receivable, net		315,525		127,528
Grants receivable		306,084		375,980
Prepaid expenses and other current assets		124,641		114,509
Total current assets		2,845,068		2,684,956
Investments:				
Board designated		4,717,455		3,588,780
Endowment, Perper Learning		50,500		50,500
Endowment, held in trust by others		34,200		31,364
Total investments		4,802,155		3,670,644
Property and equipment, net		5,593,257		5,687,374
Deposits		2,776		2,776
Total assets	$	13,243,256	$	12,045,750
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable and accrued expenses	$	674,051	$	427,663
Paycheck protection program loan		-		774,250
Total liabilities		674,051		1,201,913
Commitments and contingencies				
Net assets:				
Without donor restriction		9,964,086		7,925,679
With donor restriction		2,605,119		2,918,158
Total net assets		12,569,205		10,843,837
Total liabilities and net assets	$	13,243,256	$	12,045,750

See accompanying notes to the consolidated financial statements.

Florence Fuller Child Development Centers, Inc. and
Florence Fuller Child Development Foundation, Inc.
Consolidated Statements of Activities and Changes in Net Assets

	Year Ended December 31, 2021			Year Ended December 31, 2020		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Support and revenues:						
Grants	$ 4,095,111	$ -	$ 4,095,111	$ 4,056,243	$ -	$ 4,056,243
Contributions from private sources	1,700,579	-	1,700,579	1,185,273	121,730	1,307,003
Special events:						
Gross proceeds from special events	1,193,786	-	1,193,786	446,326	-	446,326
Less direct beneift costs	(163,102)	-	(163,102)	(41,010)	-	(41,010)
Net proceeds from special events	1,030,684	-	1,030,684	405,316	-	405,316
Program service fees	812,355	-	812,355	407,595	-	407,595
Paycheck protection program forgiveness	774,252	-	774,252	-	-	-
Net investment income	317,763	10,907	328,670	150,905	-	150,905
Bequests and other income	102,922	-	102,922	71,612	-	71,612
Net assets released from restriction	323,946	(323,946)	-	197,292	(197,292)	-
Total support and revenues	9,157,612	(313,039)	8,844,573	6,474,236	(75,562)	6,398,674
Expenses:						
Program services	6,118,878	-	6,118,878	5,555,584	-	5,555,584
Supporting services:						
Management and general	587,693	-	587,693	568,309	-	568,309
Fundraising	412,634	-	412,634	413,920	-	413,920
Total supporting services	1,000,327	-	1,000,327	982,229	-	982,229
Total expenses	7,119,205	-	7,119,205	6,537,813	-	6,537,813
Changes in net assets	2,038,407	(313,039)	1,725,368	(63,577)	(75,562)	(139,139)
Net assets at the beginning of the year	7,925,679	2,918,158	10,843,837	7,989,256	2,993,720	10,982,976
Net assets at the end of the year	$ 9,964,086	$ 2,605,119	$ 12,569,205	$ 7,925,679	$ 2,918,158	$ 10,843,837

See accompanying notes to the consolidated financial statements.

Florence Fuller Child Development Centers, Inc. and
Florence Fuller Child Development Foundation, Inc.
Consolidated Statements of Cash Flows

December 31,	2021	2020
Cash flows from operating activities:		
Change in net assets	$ 1,725,368	$ (139,139)
Adjustments to reconcile the changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	343,291	332,797
Realized and unrealized gain on investments	(998,626)	(129,460)
Paycheck protection program forgiveness	(774,250)	-
Changes in operating assets and liabilities:		
Pledges receivable	(187,997)	58,995
Grants receivable	69,896	(39,489)
Prepaid expenses and other current assets	(10,132)	(86)
Accounts payable and accrued expenses	246,387	(41,600)
Net cash provided by operating activities	413,937	42,018
Cash flows from investing activities:		
Purchases of investments	(606,370)	(2,291,374)
Proceeds from the sale of investments	473,485	2,093,514
Purchases of property and equipment	(249,173)	(306,344)
Net cash used in investing activities	(382,058)	(504,204)
Cash flows from financing activities:		
Proceeds from paycheck protection program loan	-	774,250
Net cash provided by financing activities	-	774,250
Net increase in cash and cash equivalents	31,879	312,064
Cash and cash equivalents at the beginning of the year	2,066,939	1,754,875
Cash and cash equivalents at the end of the year	$ 2,098,818	$ 2,066,939

See accompanying notes to the consolidated financial statements.

Florence Fuller Child Development Centers, Inc. and
Florence Fuller Child Development Foundation, Inc.
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2021
(With Comparative Totals for December 31, 2020)

		Supporting Services				
	Program Services	Management and General	Fundraising	Total Support Services	Total for the Year Ended December 31, 2021	Total for the Year Ended December 31, 2020
Payroll and payroll taxes	3,700,168	411,130	182,145	$ 593,275	$ 4,293,443	$ 4,042,152
Payroll benefits	679,160	75,462	35,096	110,558	789,718	802,243
Food and kitchen supplies	453,365	-	-	-	453,365	299,019
Depreciation and amortization	322,693	17,165	3,433	20,598	343,291	332,797
Repairs and maintenance	251,670	13,387	2,678	16,065	267,735	231,016
Marketing, outreach	48,933	-	170,371	170,371	219,304	172,346
Utilities	161,754	8,604	1,722	10,326	172,080	157,675
Insurance	159,738	7,073	-	7,073	166,811	150,072
Professional fees	145,133	18,727	1,230	19,957	165,090	127,358
Office supplies	62,038	11,703	1,020	12,723	74,761	109,320
Miscellaneous	13,334	22,829	14,253	37,082	50,416	23,094
Conference and travel	37,355	-	-	-	37,355	29,018
Field trips	24,730	-	-	-	24,730	6,085
Vehicle	22,050	-	-	-	22,050	14,437
Taxes and licenses	18,007	1,613	686	2,299	20,306	22,596
Bad debt	10,527	-	-	-	10,527	10,980
Children's medical and dental	8,223	-	-	-	8,223	7,605
Total for the year ended 2021	$ 6,118,878	$ 587,693	$ 412,634	$ 1,000,327	$ 7,119,205	
Total for the year ended 2020	$ 5,555,584	$ 568,309	$ 413,920	$ 1,023,239	$ 6,537,813	$ 6,537,813

See accompanying notes to the consolidated financial statements.

Note 1 – Nature of Organization

Florence Fuller Child Development Centers, Inc. (the "Center") was founded in 1969 and incorporated in 1971 as a private, not-for-profit organization devoted to the educational development and care of children. The Center directly manages two child development centers. The Center provides economically disadvantaged children and their families with quality infant, pre-school and school-age child care and family support and health screening.

The Center's support and revenues are received from federal government grants through its funding sources, non-contractual grants designated for certain projects or programs, local public matching funds, contributions from private sources, and other miscellaneous sources.

The Center's key programs are:

- **Infant Program:** The Infant Care program provides exceptional care between 7:30 a.m. and 5:30 p.m. on both the East and West Campuses for infants aged 6 weeks to 12 months old.

- **Early Childhood Education:** The Early Childhood Education program is designed for children aged 1 to 3 years old and is offered from 7:30 a.m. to 5:30 p.m. This program is geared towards the "moving and grooving" years of childhood from the toddlers to the "trying twos and threes" to the "I can do it myself" fives.

- **Voluntary Pre-Kindergarten:** VPK for 4 and 5 year olds prepares early learners for success in kindergarten and beyond. VPK helps build a strong foundation for school using educational material corresponding to various stages in a child's development.

- **Fuller Academy:** The Fuller Academy opened in August 2021 as a Florida Choice School serving children in kindergarten through third grade. The academy offers a customized curriculum following B.E.S.T standards and practices. Instruction is provided by teachers and instructors with a bachelor's degree or higher. The program focuses on project-based learning and art and technology education.

- **After School Program/Out of School Time Program:** A.C.E.S (Academic, Character Education and SPARK - a physical fitness program), provides a safe and enriching environment for children in kindergarten through 5th grade, Monday through Friday until 5:30 p.m. The Center approaches child development in a holistic manner by providing extracurricular activities that not only improve academic achievements but also enhance physical well-being and social skills, all of which are critical in the development of a healthy, well-rounded, and successful adult

- **Summer Camp:** The Center's Summer Camp program helps children from kindergarten to fifth grade develop social and physical skills. Academic enrichment, field trips and computer classes are provided to mitigate summer learning loss.

Note 1 – Nature of Organization, continued

- **Mentoring:** The Center's mentoring program recruits adults and teens willing to commit to a minimum of one year to a meaningful relationship that impacts the children involved and influence their lives at home and at school. For those mentoring the relationship provides an empowering opportunity to give back to the community.

- **Teen Leadership:** Offers at-risk youth ages 16-22 the opportunity to develop leadership skills, create and implement projects, learn real life soft skills necessary for success in school, work and life, in a structured setting under the guidance of a mentor/job coach.

- **Health Services:** The CDC points to systemic inequities (discrimination, access to healthcare, jobs, education/income gaps and housing) as principal reasons for minority groups' poorer health outcomes. The majority of Fuller families are Black, Latinx or mixed race. Many are uninsured with life circumstances increasing risk for disease, including COVID-19. Healthcare access is further limited by transportation, childcare, and language barriers; inability to take time off from work, cultural differences between patients and providers and discrimination. Many Fuller parents have poor diets, are obese and suffer with chronic conditions, undermining their stability and increased losses of jobs, lives, housing, increased hospitalization and suffering throughout this pandemic. The Center also treats the child through onsite health and behavioral health screenings and services available to every child that the Center serves.

- **Family Support Services:** The Center incorporates models that are family focused and emphasize highly structured, comprehensive family strengthening with behavioral parent training, family skills training and family therapy components. The Center's staff provides a full array of case management and assist families in accessing the services they need to provide a safe, healthy and stable home for their children while they positively contribute to the community.

Florence Fuller Child Development Foundation, Inc. (the "Foundation") was incorporated on June 28, 2002. The Foundation was approved on January 30, 2003 as a private, not-for-profit organization. The purpose of the Foundation is to provide long-term endowment funding for the continued operation and growth of the Center.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements include the accounts of the Center and the Foundation (collectively referred to as the "Organization"). All material inter-organizational transactions and balances have been eliminated in consolidation. The consolidated financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Note 2 –Summary of Significant Accounting Policies, continued

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 Organization'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 the passage of time. Other donor restrictions are perpetual in nature, whereby 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 consolidated statements of activities and changes in net assets.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting year. Actual results may differ from estimates under different assumptions or conditions.

Cash Equivalents

Cash equivalents consist principally of money market funds and amounts held for operations in interest or non-interest bearing accounts with original maturities of three (3) months or less, and exclude cash equivalents held temporarily for long-term investment purposes by investment custodians.

Pledges Receivable

Pledges receivable are recorded at face value, which approximates the present value when computed using interest rates appropriate to the estimated length of time for realization. All pledges receivable are reviewed annually for collectability. Management determines the allowance for doubtful receivables by regularly evaluating individual receivables and considering donor’s financial condition and current economic conditions. Management believes that pledges receivable are fully collectible.

Grants Receivable

Grants receivable represent amounts due for expenditures incurred prior to year-end. Management evaluates all grants receivable on a periodic basis. Management believes that grants receivable are fully collectible.

Note 2 –Summary of Significant Accounting Policies, continued

Investments

The Organization reports investments at fair value. Net investment income (loss) consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses. Net investment income (loss) is reported in the consolidated statements of activities and changes in net assets as a change in net assets without donor restriction unless the use of the income is limited by donor-imposed restrictions.

Property and Equipment

Property and equipment is stated at historical cost. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance, and repairs are charged to expense as incurred. When property and equipment is retired, or otherwise disposed of, the cost and accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is included in the results of activities for the respective period. Depreciation and amortization of property and equipment is computed on a straight-line basis over the estimated useful lives of five (5) to forty (40) years. Land is not depreciated or amortized. Property and equipment, if donated, is recorded at the approximate fair value on the date of the donation.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized in the period received. Contributions received are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for a future period or are restricted by the donor for specific purposes are reported as increases in net assets with donor restriction. Unconditional promises to give are presumed to be time-restricted by the donor until collected and are reported as net assets with donor restriction.

Wills are recorded as bequest revenue when the probate courts declare the wills valid and the proceeds are measurable.

Contributions are recorded at fair value, which is net of estimated uncollectible amounts. The Organization uses the allowance method to determine uncollectible unconditional pledges receivable. The allowance is based on past experience as well as management's analysis of specific pledges made, including such factors as prior collection history, type of contribution, and nature of fundraising activity.

The Organization receives grant funding from federal agencies, state and local governments, and private foundations. Revenue is recognized only to the extent of expenditures under the terms of the grants. Grant awards not yet received are accrued to the extent unreimbursed expenses have been incurred for the purposes specified by an approved grant. Excess expenses incurred are borne by the Organization. Unexpended funds are returned to the grantors if required by the grant agreement.

Note 2 –Summary of Significant Accounting Policies, continued

Revenue Recognition, continued

Reciprocal transfers in which each party receives and sacrifices goods or services with approximate commensurate value are recognized as exchange transactions. The Organization adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers ("Topic 606") on January 1, 2019, using the modified retrospective method applied to all contracts not completed as of the date of the adoption. The core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

The modified retrospective adoption method requires the Organization to record a transition adjustment for the new revenue standard, if any, as a cumulative effect adjustment to beginning net assets as of the date of adoption. No adjustments to the Organization's beginning net assets were required as a result of adopting Topic 606.

The Organization applies Topic 606 to exchange transactions in which it receives consideration from individuals for special events. Under U.S. GAAP, these arrangements are exchange transactions between the Organization and the individuals. The portion of ticket sales for special events that relates to the commensurate value the attendee receives in return is recognized when the related events are held, and performance obligations are met.

All other revenues are recognized when earned.

Functional Allocation of Expenses

The costs of providing the programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of activities and changes in net assets. Certain program and support expenses, such as salaries, benefits and other administrative costs, are allocated among program services, management and general and fundraising based on management's analysis of these costs.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"), except for income from activities not related to its tax-exempt purpose, which primarily includes rental income. No provision for income taxes was recorded during the years ended December 31, 2021 or 2020 since the Organization had no significant unrelated business income. The Organization is not a private foundation pursuant to section 509(a)(1) of the IRC.

Note 2 –Summary of Significant Accounting Policies, continued

Income Taxes, continued

In accordance with U.S. GAAP on accounting for uncertainty in income taxes, the Organization recognizes tax liabilities for uncertain tax positions when it is more likely than not that a tax position will not be sustained upon examination and settlement with various taxing authorities. Liabilities for uncertain tax positions are measured based upon the largest amount of benefit that is greater than 50% likely of being realized upon settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. The Organization's tax years subject to examination by tax authorities generally remain open for three (3) years from the date of filing.

Valuation of Long-Lived Assets

The Organization accounts for the valuation of long-lived assets under authoritative guidance issued by the Financial Accounting Standards Board ("FASB"), which requires that long-lived assets and certain intangible assets be reviewed for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived assets is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets.

Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell. No indicators of impairment were identified for the years ended December 31, 2021 and 2020.

Fair Value of Financial Instruments

The fair value of the Organization's cash and cash equivalents, grants receivable, pledges receivable, investments, and accounts payable and accrued expenses approximates their carrying amounts due to the relatively short maturity of these items.

Concentrations of Credit Risk

The Organization's assets that are exposed to credit risk consist primarily of cash and cash equivalents, investments, pledges receivable and grants receivable. Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Organization has never experienced any losses related to these balances. Amounts on deposit in excess of federally insured limits at December 31, 2021 and 2020 totaled $1,663,877 and $1,709,827, respectively. The Organization invests its excess cash and cash equivalents and maintains its investments with high-quality financial institutions. The Organization performs yearly evaluations of these institutions for relative credit standing. Management regularly monitors the composition and maturities of investments. Investments are subject to market fluctuations that may materially affect the investment balances. Grants receivable consist primarily of amounts due from various agencies of the federal government, private foundations, or corporations. Pledges receivable consist mainly of amounts due from individuals, corporations and other not-for-profit organizations. Historically, the Organization has not experienced significant losses related to pledges and grants receivable and, therefore, believes that the credit risk related to these receivables is minimal.

Date of Management Review

Management has evaluated subsequent events through August 4, 2022, the date on which the consolidated financial statements were available to be issued.

Note 3 – Liquidity and Availability of Resources

The Organization's financial assets available to meet cash needs for general expenditure, without donor or other restrictions limiting their use, within one (1) year at December 31, 2021 consist of:

Financial assets:		
Cash and cash equivalents	$	2,098,818
Pledges receivable		315,525
Grants receivable		306,084
Investments		4,802,155
Total financial assets		7,522,582
Less: financial assets unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions		(84,700)
Restricted by donors in perpetuity, endowments		(963,573)
Total financial assets unavailable for general expenditures		(1,048,273)
Total financial assets available within one year to meet cash needs for general expenditures	$	6,474,309

As part of the Organization's liquidity management, it invests cash in excess of daily requirements in short-term investments.

Note 4 – Pledges Receivable

Pledges receivable represent unconditioned promises to give by donors. Pledges receivable consist of the following at December 31:

	2021	2020
Due in less than one year	$ 212,245	$ 127,528

Note 5 – Investment Income (Loss)

Net investment income (loss) consists of the following for the years ended December 31:

	2021	2020
Interest and dividend income	$ 73,354	$ 50,653
Net unrealized and realized gain on investments	277,272	129,460
Investment fees	(21,956)	(29,208)
	$ 328,670	$ 150,905

Note 6 – Property and Equipment

Property and equipment consists of the following at December 31:

	2021	2020
Buildings	$ 6,648,649	$ 6,657,117
Campus improvements	1,528,930	1,391,220
Vehicles	453,107	453,107
Land	410,000	410,000
Computer equipment	403,505	331,451
Machinery and equipment	375,120	312,235
Computer software	100,020	100,020
Furniture and fixtures	78,867	78,867
Construction in progress	-	20,091
	9,998,198	9,754,108
Less: accumulated depreciation and amortization	(4,404,941)	(4,066,734)
	$ 5,593,257	$ 5,687,374

Depreciation and amortization expense for the years ended December 31, 2021 and 2020 totaled $343,291 and $332,797, respectively.

Note 7 – Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following at December 31:

	2021	2020
Accounts payable	$ 467,918	$ 273,420
Accrued payroll	184,780	132,634
Accrued sick leave	21,353	21,609
	$ 674,051	$ 427,663

Note 8 – Debt

Paycheck Protection Program Loan

During May 2020, the Organization was granted a loan (the "Loan") from a financial institution for the aggregate amount of $774,250 pursuant to the Paycheck Protection Program ("PPP") under Division A, Title I of the CARES Act. The Loan, which was in the form of a note dated May 1, 2020 issued to the Organization, matures in May 2022 and bears interest at a rate of 1.0% per annum, payable monthly commencing December 2020. The Loan may be prepaid at any time prior to maturity with no prepayment penalties. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. In February 2021, the $774,250 Loan was fully forgiven by the U.S. Small Business Administration and included as a gain on forgiveness of debt in the accompanying statements of activities and changes in net assets.

Note 9 – Employee Benefit Plan

The Organization maintains a defined contribution 401(k) profit-sharing plan (the "Plan") covering all full-time employees fulfilling certain minimum age and service requirements. Under the Plan, eligible employees may defer a portion of their earnings up to the annual contribution limit allowed by the Internal Revenue Service. The Organization may contribute a discretionary matching contribution to the Plan. The Organization made matching contributions of $16,025 and $14,067 to the Plan for the years ended December 31, 2021 and 2020, respectively.

Note 10 – Fair Value Measurements

Certain financial assets are recorded at fair value. Fair value is defined as the price that would be received to sell an asset between market participants in an orderly transaction on the measurement date. The market in which the reporting entity would sell the asset with the greatest volume and level of activity for the asset is known as the principal market. When no principal market exists, the most advantageous market is used. This is the market in which the reporting entity would sell the asset with the price that maximizes the amount that would be received. Fair value is based on assumptions market participants would make in pricing the asset. Generally, fair value is based on observable quoted market prices or derived from observable market data when such market prices or data are available. When such prices or inputs are not available, the reporting entity should use valuation models.

The Organization's assets recorded at fair value are categorized based on the priority of the inputs used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The inputs used in measuring fair value are categorized into three levels, as follows:

- **Level 1** - Inputs are based upon quoted prices for identical instruments traded in active markets.

Note 10 – Fair Value Measurements, continued

- **Level 2** - Inputs that are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar investments in markets that are not active, or models based on valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the investment.

- **Level 3** - Inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

The following section describes the valuation methodologies the Organization uses to measure its assets at fair value.

- Equity securities, preferred stock, mutual and money market funds – equity securities, mutual and money market funds are valued at the quoted net asset value of shares reported in the active market in which the mutual funds are traded.

- International bond – represents State of Israel bonds valued based upon comparable securities of issuers with similar yield and similar credit ratings.

Fair Value on a Recurring Basis

Investments measured at fair value on a recurring basis are summarized below:

	At December 31, 2021			
	Assets Measured at	Fair Value Hierarchy Level		
Description	Fair Value	Level 1	Level 2	Level 3
Investments:				
Fixed income funds	$ 1,820,386	$ 1,820,386	$ -	$ -
Mutual funds	2,280,661	2,280,661	-	-
Cash and money market accounts	701,108	701,108	-	-
Total investments	$ 4,802,155	$ 4,802,155	$ -	$ -

	At December 31, 2020			
	Assets Measured at	Fair Value Hierarchy Level		
Description	Fair Value	Level 1	Level 2	Level 3
Investments:				
Fixed income funds	$ 1,942,418	$ 1,942,418	$ -	$ -
Mutual funds	1,238,510	1,238,510	-	-
Cash and money market accounts	489,716	489,716	-	-
Total investments	$ 3,670,644	$ 3,670,644	$ -	$ -

Note 11 – Net Assets with Donor Restrictions

Net assets with donor restrictions consists of the following at December 31:

	2021	2020
Time restrictions:		
Building renovations and improvements	$ 1,146,846	$ 1,306,093
Purpose restrictions:		
Future building renovations	603,480	733,885
Mental health counseling	279,922	311,763
Pre-school scholarships	80,171	80,171
Other	-	-
Music program	-	2,455
Maintained in perpetuity:		
Endowments	84,700	73,791
Land	410,000	410,000
	$ 2,605,119	$ 2,918,158

Land at the West Campus totaling $410,000 at both December 31, 2021 and 2020, is subject to an agreement with the donor that, should the Center cease to use the property for the purpose of operating a child care facility for low-income families, the land would automatically revert to the donor.

At December 31, 2021 and 2020, building renovations and improvements at the West Campus totaling $3,443,033 and $3,563,913 (net of accumulated depreciation and amortization), respectively, are subject to an agreement with the donor that, should the Center cease to use the property for the purpose of operating a child care facility for low-income families, these assets would revert to the donor.

At December 31, 2021 and 2020, building renovations and improvements at the East Campus totaling $518,960 and $551,102 (net of accumulated depreciation and amortization), respectively, are built on land subject to a lease agreement. Under the terms of this agreement, these assets must be used to operate a child care facility for low-income families. Upon termination of the lease, these assets would revert to the lessor.

Note 12 – Net Assets Released from Donor Restrictions

Net assets released from donor restrictions consists of the following at December 31:

	2021	2020
Time restrictions:		
Building renovations and improvements	$ 159,247	$ 159,247
Purpose restrictions:		
Future building renovations	164,699	38,045
Other	-	-
	$ 323,946	$ 197,292

Note 13 – Endowment

The Foundation's endowment consists of individual funds established for a variety of purposes. Its endowment is comprised of donor-restricted endowment funds designated by the Board of Directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

In June 2011, the State of Florida adopted the *Florida Uniform Prudent Management of Institutional Funds Act* ("FUPMIFA") which is effective July 1, 2012. The Organization has interpreted FUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by FUPMIFA.

The Organization considers the following factors in making a determination to appropriate or accumulated donor-restricted endowment fund earnings:

1) The duration and preservation of the fund
2) The purposes of the Organization and the donor-restricted endowment fund
3) General economic conditions
4) The possible effect of inflation and deflation
5) The expected total return from income and the appreciation of investments
6) Other resources of the Organization
7) The investment policies of the Organization

Note 13 – Endowment, continued

Interpretation of Relevant Law, continued

The Organization has elected to not add appreciation for cost of living or other spending policies to net assets with donor restrictions held in perpetuity.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of income to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets on an inflation adjusted basis. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified periods. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to achieve a competitive rate of return while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide a rate of return in excess of the original with donor restriction principal. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places emphasis on investments in mutual funds to achieve its long-term return objectives within prudent risk constraints.

Summary of endowment net assets at December 31, 2021 and 2020:

	Without Donor Restriction	With Donor Restriction	Total
Perpetuity:			
Donor-designated endowment funds	$ -	$ 50,500	$ 50,500

There were no changes in endowment net assets for the years ended December 31, 2021 and 2020. The Foundation did not have any such deficiencies at December 31, 2021 and 2020.

Note 14 – Related Party Transactions

Grants from the Foundation

For the years ended December 31, 2021 and 2020, the Center received grants from the Foundation for $0 and $5,000, respectively, for the construction of the Center's new facilities at its West Campus in Boca Raton.

Note 15 – Major Grantors

For the years ended December 31, 2021 and 2020, two (2) grantors accounted for 44% Organization's total revenue. At December 31, 2021 and 2020, these grantors accounted for 49% and 57%, respectively, of the Organization's total grants receivable.

Note 16 – Commitments and Contingencies

A portion of the property at the Organization's East Campus is leased from the City of Boca Raton for $1 per year. There are no defined lease terms or periods. The fair value of the operating land lease expense cannot be reasonably estimated and, as such, is not reflected in the accompanying consolidated financial statements.

Grants

The Organization participates in various federal-assisted grant programs that are subject to review and audit by the respective grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from an audit may become a liability of the Organization and have an impact on future awards granted. During 2021 and 2020, the Organization was unaware of any instances of non-compliance and has not provided for any liabilities that may arise from such audits.

As the revenue from these federal assisted grant programs is significant to the consolidated financial statements, reduction or loss of funding from these grant programs may affect the Organization's ability to operate in its present form.

COVID-19 Pandemic

In March 2020, the World Health Organization classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of these consolidated financial statements. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization's consolidated financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its consolidated financial condition, liquidity, operations, suppliers, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of consolidated operations, financial condition, or liquidity for 2022.

Note 17 – Funds Held in Trust by Others

During 2018, the Foundation established a charitable endowment fund known as the Florence Fuller Child Development Foundation, Inc. (the "Fund") with the Community Foundation for Palm Beach and Martin Counties, Inc. (the "Community Foundation"). The earnings of the Fund have been restricted for the benefit of the Organization. Assets contributed to the Community Foundation for the benefit of the Organization are recorded as assets of the Organization. These "agency restricted funds" are pooled with the other assets of the Community Foundation for investment purposes.

Note 17 – Funds Held in Trust by Others, continued

The Organization's initial contribution of $25,000 was matched with a $25,000 grant from the Community Foundation and is not available for distribution and may not be removed from the Fund.

Funds held in trust by others by type consists of the following at December 31:

	2021	2020
Florence Fuller Child Development Foundation, Inc. Endowment Fund	$ 31,364	$ 27,819
Changes in endowment nets assets:		
Contributions	-	-
Net appreciation (realized and unrealized)	2,997	3,687
Investment fees	(161)	(142)
	$ 34,200	$ 31,364

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. Deficiencies of this nature do not exist as the Fund has an original contribution value of $25,000, a current fair value of $34,200 and a cumulative appreciation of $9,200 at December 31, 2021. This appreciation results from favorable market fluctuations that occurred after the original contribution was made.

Return Objectives and Risk Parameters

The Funds shall by invested by the Community Foundation in a long-term growth portfolio whose primary objective is long-term capital appreciation with an investment strategy of five (5) years or longer.

Interpretation of Relevant Law

Management has interpreted the law as requiring donor restricted net assets in an endowment fund to remain restricted until appropriated for expenditure by the Organization following the donor's intended purpose. In accordance with the State Management of Institutional Funds Act, the Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

1) The purposes of the Organization and the donor-restricted endowment fund;
2) General economic conditions;
3) The possible effect of inflation and deflation;
4) The expected total return from income and the appreciation of investments;
5) Other resources of the Organization; and
6) The investment policies of the Organization.

Note 17 – Funds Held in Trust by Others, continued

Spending Policy

All distributions from the Fund shall be in accordance with the Community Foundation's spending policy in effect during any fiscal year of the Community Foundation. Distributions may be made from income and capital appreciation but not from the endowment principal. The endowment principal is the sum of the value of the initial contribution establishing the Fund by the Organization and Community Foundation plus all subsequent contributions to the Fund.

Supplementary Schedules

Florence Fuller Child Development Centers, Inc. and
Florence Fuller Child Development Foundation, Inc.
Consolidating Statement of Activities and Changes in Net Assets

Year ended December 31, 2021

	Florence Fuller Child Development Centers, Inc.	Florence Fuller Child Development Foundation, Inc.	Eliminations	Consolidated Total
Support and revenues:				
Grants	$ 4,095,111	$ -	$ -	$ 4,095,111
Contributions from private sources	1,700,579	-	-	1,700,579
Net special event income	1,030,684	-	-	1,030,684
Program service fees	812,355	-	-	812,355
Gain on forgiveness of debt	774,252	-	-	774,252
Net investment income	3,591	325,079	-	328,670
Bequests and other income	99,822	3,100	-	102,922
Total support and revenues	8,516,394	328,179	-	8,844,573
Expenses				
Program services	6,118,878	-	-	6,118,878
Supporting services:				
Management and general	587,693	-	-	587,693
Fundraising	412,634	-	-	412,634
Total supporting services	1,000,327	-	-	1,000,327
Total expenses	7,119,205	-	-	7,119,205
Changes in net assets	1,397,189	328,179	-	1,725,368
Net assets at the beginning of the year	6,912,495	3,931,342	-	10,843,837
Net assets at the end of the year	$ 8,309,684	$ 4,259,521	$ -	$ 12,569,205

See independent auditors' report on supplementary information.

Consolidating Statement of Activities and Changes in Net Assets

Year ended December 31, 2020

	Florence Fuller Child Development Centers, Inc.	Florence Fuller Child Development Foundation, Inc.	Eliminations	Consolidated Total
Support and revenues:				
Grants	$ 4,056,243	$ -	$ -	$ 4,056,243
Contributions from private sources	1,307,003	-	-	1,307,003
Program service fees	407,595	-	-	407,595
Net special event income	405,316	-	-	405,316
Bequests and other income	130,540	20,365	-	150,905
Net investment income	343	71,269	-	71,612
Total support and revenues	6,307,040	91,634	-	6,398,674
Expenses				
Program services	5,555,584	-	-	5,555,584
Supporting services:				
Management and general	568,309	-	-	568,309
Fundraising	413,920	-	-	413,920
Total supporting services	982,229	-	-	982,229
Total expenses	6,537,813	-	-	6,537,813
Changes in net assets	(230,773)	91,634	-	(139,139)
Net assets at the beginning of the year	7,143,268	3,839,708	-	10,982,976
Net assets at the end of the year	$ 6,912,495	$ 3,931,342	$ -	$ 10,843,837

Florence Fuller Child Development Centers, Inc. and
Florence Fuller Child Development Foundation, Inc.
Schedule of Expenditures of Federal Awards

Year ended December 31, 2021

Federal Grantor, Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Subrecipients	2021 Federal Expenditures
U.S. Department of Health and Human Services				
Pass-through from Lutheran Services Florida, Inc.				
Head Start and Early Head Start Programs	93.600	04CH4702/05	-	$ 1,204,810
Total U.S. Department of Health and Human Servcies			-	1,204,810
U.S. Department of Agriculture				
Pass-through from Florida Department of Health				
Child and Adult Care Food Program	10.558	S - 649	-	547,161
Total U.S. Department of Agriculture			-	547,161
Total Expenditures of Federal Awards			$ -	$ 1,751,971

See notes to the schedule of expenditures of federal awards.

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Organization and is presented on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirement for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements.

The Organization did not elect to use the 10% de minimis indirect cost rate during the year ended December 31, 2021.

Note 2 – Reconciliation of Schedule of Expenditures of Federal Awards to the Consolidated Statements of Activities and Changes in Net Assets

The following schedule is a reconciliation of total expenditures as shown on the Schedule to the revenue shown in the accompanying consolidated statements of activities and changes in net assets for the years ended December 31:

	2021	2020
Total expenditures per schedule	$ 1,751,971	$ 1,537,820
Add: non-federal government grants (related to state, county and city grants)	584,149	1,997,368
Add: non-government grants	1,758,991	521,055
Total grant revenue per the consolidated statement of activities and changes in net assets	$ 4,095,111	$ 4,056,243

Note 3 – Contingency

The contract and grant revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the contract/grantor agencies becomes a liability of the Organization. In the opinion of management, all contract and grant expenditures are in compliance with the terms of the agreement and applicable federal, state, and local laws and regulations.

Independent Auditors' Reports Required by *Government Auditing Standards* and Uniform Guidance

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Florence Fuller Child Development Centers, Inc. and
Florence Fuller Child Development Foundation, Inc.
Boca Raton, 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 consolidated financial statements of Florence Fuller Child Development Centers, Inc. and Florence Fuller Child Development Foundation, Inc. (collectively, the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 4, 2022.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the consolidated 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*.

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.

Daszkal Bolton LLP

Boca Raton, Florida
August 4, 2022

Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors
Florence Fuller Child Development Centers, Inc. and
Florence Fuller Child Development Foundation, Inc.
Boca Raton, Florida

Report on Compliance for Each Major Federal Program

We have audited Florence Fuller Child Development Centers, Inc. and Florence Fuller Child Development Foundation, Inc. (collectively, the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended December 31, 2021. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major federal program based on our audit of the types of compliance requirements referred above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Organization's compliance.

Opinion on Each Major Federal Program

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 its major federal program for the year ended December 31, 2021.

Continued from previous page

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's 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 will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Daszkal Bolton LLP

Boca Raton, Florida
August 4, 2022

Schedule of Findings and Questioned Costs

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal controls over financial reporting:

Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	____ Yes	X No
Noncompliance material to financial statements noted?	____ Yes	X No
Management letter or report on other matters related to internal controls issued?	____ Yes	X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?	____ Yes	X No
- Significant deficiency(ies) identified	____ Yes	X No

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	____ Yes	X No

Identification of major programs:

Federal Programs

CFDA Number	Name of Major Federal Program or Cluster
93.600	Head Start and Early Head Start Programs

SECTION I - SUMMARY OF AUDITORS' RESULTS, continued

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000 Federal		
Auditee qualified as low-risk auditee?	X	Yes	____ No

SECTION II - FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS

None Reported

PRIOR YEAR FINDINGS

None Reported

SECTION III - FEDERAL PROGRAM AUDIT FINDINGS

CURRENT YEAR FINDINGS

None Reported

PRIOR YEAR AUDIT FINDINGS

None Reported