

**ADOPT-A-FAMILY  
OF THE PALM BEACHES, INC.**

**REPORT ON AUDIT OF  
CONSOLIDATED FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2025  
(with comparable totals for June 30, 2024)**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Adopt-A-Family of the Palm Beaches, Inc.  
Lake Worth, Florida

### *Opinion*

We have audited the accompanying consolidated financial statements of Adopt-A-Family of the Palm Beaches, Inc. (a nonprofit organization) which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Adopt-A-Family of the Palm Beaches, Inc., as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis of 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 Adopt-A-Family of the Palm Beaches, 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Adopt-A-Family of the Palm Beaches, Inc.'s ability to continue as a going concern within one 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 Adopt-A-Family of the Palm Beaches, 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 Adopt-A-Family of the Palm Beaches, 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.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2025, on our consideration of Adopt-A-Family of the Palm Beaches, 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 Adopt-A-Family of the Palm Beaches, 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 Adopt-A-Family of the Palm Beaches, Inc.'s internal control over financial reporting and compliance.

### ***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 financial statements. In addition, the consolidated schedule of program expenses is presented for purposes of additional analysis, and is not a required part of the basic 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and consolidated schedule of program expenses are fairly stated, in all material respects, in relation to the financial statements as a whole.

### ***Report on Summarized Comparative Information***

We have previously audited Adopt-A-Family of the Palm Beaches, Inc.'s 2024 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated January 8, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

*Holyfield & Thomas, LLP*

West Palm Beach, Florida  
December 19, 2025

**ADOPT-A-FAMILY  
OF THE PALM BEACHES, INC.**

**CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION**

**As of June 30, 2025**

**(with comparable totals for 2024)**

	Without Donor Restrictions	With Donor Restrictions	2025 Totals	2024 Totals
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 3,582,862	\$ 700,132	\$ 4,282,994	\$ 3,454,350
Grants and allocations receivable	587,483	320,000	907,483	1,070,977
Contributions receivable, net	44,150	-	44,150	33,500
Investments	2,240,627	-	2,240,627	2,137,873
Prepaid expenses	125,358	-	125,358	114,319
Total current assets	6,580,480	1,020,132	7,600,612	6,811,019
Cash and cash equivalents, non-current	1,746,510	-	1,746,510	1,561,732
Property and equipment, net	6,547,250	-	6,547,250	6,720,480
Community land trust, net	1,085,726	-	1,085,726	1,156,961
Finance right-of-use lease, net	60,009	-	60,009	83,492
Total assets	<u>\$ 16,019,975</u>	<u>\$ 1,020,132</u>	<u>\$ 17,040,107</u>	<u>\$ 16,333,684</u>
<b>LIABILITIES AND NET ASSETS</b>				
Current liabilities:				
Accounts payable	\$ 11,825	\$ -	\$ 11,825	\$ 20,290
Accrued expenses	392,124	-	392,124	288,480
Current portion of obligation under finance leases	21,672	-	21,672	20,497
Total current liabilities	425,621	-	425,621	329,267
Non-current liabilities:				
Resident deposits and escrow accounts	404,610	-	404,610	347,232
Obligation under finance leases	44,788	-	44,788	66,461
Total liabilities	<u>875,019</u>	<u>-</u>	<u>875,019</u>	<u>742,960</u>
Net assets:				
Without donor restrictions:				
Equity in fixed assets	6,547,250	-	6,547,250	6,720,480
Equity in community land trust	1,085,726	-	1,085,726	1,156,961
Designated for contingencies	1,341,900	-	1,341,900	1,214,500
Undesignated	6,170,080	-	6,170,080	5,448,818
Total without donor restrictions	15,144,956	-	15,144,956	14,540,759
With donor restrictions	-	1,020,132	1,020,132	1,049,965
Total net assets	<u>15,144,956</u>	<u>1,020,132</u>	<u>16,165,088</u>	<u>15,590,724</u>
Total liabilities and net assets	<u>\$ 16,019,975</u>	<u>\$ 1,020,132</u>	<u>\$ 17,040,107</u>	<u>\$ 16,333,684</u>

*See accompanying notes to consolidated financial statements.*

**ADOPT-A-FAMILY  
OF THE PALM BEACHES, INC.**

**CONSOLIDATED STATEMENT OF  
ACTIVITIES**

**For the Year Ended June 30, 2025**

**(with comparable totals for 2024)**

	Without Donor Restrictions	With Donor Restrictions	2025 Totals	2024 Totals
<b>Support and revenue:</b>				
Grants and donations:				
Governmental grants	\$ 4,833,173	\$ -	\$ 4,833,173	\$ 3,980,054
United Way allocations	373,182	220,000	593,182	538,649
Contributions	1,828,969	850,800	2,679,769	2,023,557
In-kind donations	65,728	-	65,728	113,705
Total grants and donations	7,101,052	1,070,800	8,171,852	6,655,965
Special events	2,417,224	-	2,417,224	1,404,270
Rents	647,419	-	647,419	614,944
GROW tuition	17,528	-	17,528	21,944
Other income	130,575	7,986	138,561	169,945
Investment earnings, net	137,668	-	137,668	118,012
Gain on sale of investments	20,926	-	20,926	75,184
Total support and revenue	10,472,392	1,078,786	11,551,178	9,060,264
Net assets released from restriction	1,108,619	(1,108,619)	-	-
<b>Expenses:</b>				
Program services	9,149,651	-	9,149,651	8,613,748
General and administrative	660,636	-	660,636	532,275
Fundraising and development	1,166,527	-	1,166,527	1,020,420
Total expenses	10,976,814	-	10,976,814	10,166,443
Change in net assets	604,197	(29,833)	574,364	(1,106,179)
Net assets, beginning of year	14,540,759	1,049,965	15,590,724	16,696,903
Net assets, end of year	<u>\$ 15,144,956</u>	<u>\$ 1,020,132</u>	<u>\$ 16,165,088</u>	<u>\$ 15,590,724</u>

*See accompanying notes to consolidated financial statements.*

**ADOPT-A-FAMILY  
OF THE PALM BEACHES, INC.**

**For the Year Ended June 30, 2025**

**CONSOLIDATED STATEMENT OF  
CASH FLOWS**

**(with comparable totals for 2024)**

	<b>2025</b>	<b>2024</b>
<b>Cash flows from operating activities:</b>		
Cash received from grants and donations	\$ 8,269,618	\$ 6,062,060
Cash received from special events	2,047,928	1,158,389
Cash received from rents and tuition	647,419	614,944
Cash paid to suppliers, client assistance and employees	(9,936,604)	(9,327,002)
Other income received	156,089	190,038
Investment earnings, net	137,668	118,012
Interest expense paid	<u>(5,423)</u>	<u>(4,220)</u>
Net cash provided by (used in) operating activities	<u>1,316,695</u>	<u>(1,187,779)</u>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(258,325)	(102,308)
Proceeds from sale of investments	923,198	252,442
Purchase of investments	<u>(1,005,026)</u>	<u>(275,068)</u>
Net cash used in investing activities	<u>(340,153)</u>	<u>(124,934)</u>
<b>Cash flows from financing activities:</b>		
Change in resident deposits and escrow accounts	57,378	68,419
Principal payments on obligation under capital lease	<u>(20,498)</u>	<u>(22,957)</u>
Net cash provided by financing activities	<u>36,880</u>	<u>45,462</u>
Change in cash and cash equivalents	1,013,422	(1,267,251)
Cash and cash equivalents, beginning	<u>5,016,082</u>	<u>6,283,333</u>
Cash and cash equivalents, ending	6,029,504	5,016,082
Cash and cash equivalents, non-current	<u>(1,746,510)</u>	<u>(1,561,732)</u>
Cash and cash equivalents, current	<u>\$ 4,282,994</u>	<u>\$ 3,454,350</u>

*See accompanying notes to consolidated financial statements.*

**ADOPT-A-FAMILY  
OF THE PALM BEACHES, INC.**

**For the Year Ended June 30, 2025**

**CONSOLIDATED STATEMENT OF  
CASH FLOWS**

**(with comparable totals for 2024)**

	<u>2025</u>	<u>2024</u>
Reconciliation of change in net assets to net cash provided by (used in) operating activities:		
Change in net assets	\$ 574,364	\$ (1,106,179)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	526,273	546,528
Gain on disposal of assets	-	(1,851)
Gain on sale of investments	(20,926)	(75,184)
(AIncrease) decrease in certain assets:		
Grants and allocations receivable	163,494	(480,200)
Contributions receivable	(10,650)	(750)
Prepaid expenses	(11,039)	(89,168)
Other assets	-	6,018
Increase (decrease) in certain liabilities:		
Accounts payable	(8,465)	12,818
Accrued expenses	103,644	189
Net cash provided by (used in) operating activities	<u>\$ 1,316,695</u>	<u>\$ (1,187,779)</u>

*See accompanying notes to consolidated financial statements.*

**ADOPT-A-FAMILY  
OF THE PALM BEACHES, INC.**

**CONSOLIDATED STATEMENT OF  
FUNCTIONAL EXPENSES**

**For the Year Ended June 30, 2025**

**(with comparable totals for 2024)**

	Program Services	Management and General	Fundraising and Development	2025 Totals	2024 Totals
Salaries	\$ 3,428,704	\$ 329,693	\$ 517,201	\$ 4,275,598	\$ 4,097,179
Employee benefits	666,218	56,821	80,882	803,921	750,315
Payroll taxes	246,929	16,451	37,567	300,947	295,984
	<u>4,341,851</u>	<u>402,965</u>	<u>635,650</u>	<u>5,380,466</u>	<u>5,143,478</u>
Advertising and recruitment	3,129	13,104	135	16,368	11,584
Building maintenance	429,550	75,627	485	505,662	420,808
Direct fundraising costs	-	-	358,646	358,646	245,131
Equipment rental	4,101	-	-	4,101	12,475
Insurance expense	437,375	31,315	17,920	486,610	484,410
Interest expense	5,423	-	-	5,423	4,220
Membership dues	23,587	8,528	4,187	36,302	39,621
Office supplies	34,494	37,040	1,979	73,513	53,122
Other expenses	17,704	2,743	883	21,330	34,688
Postage	435	1,678	1,687	3,800	3,392
Printing	751	121	6,433	7,305	7,152
Professional fees	148,689	28,020	62,864	239,573	204,505
Property tax	32,766	1,921	507	35,194	29,875
Rent	13,595	2,146	1,425	17,166	15,115
Specific assistance and program supplies	3,015,997	198	53,802	3,069,997	2,752,067
Telephone	35,151	4,108	2,621	41,880	38,696
Training and development	9,775	22,044	2,506	34,325	43,515
Travel and transportation	44,223	10,823	5,996	61,042	27,569
Utilities	48,148	1,289	2,401	51,838	48,492
Depreciation	<u>8,646,744</u>	<u>643,670</u>	<u>1,160,127</u>	<u>10,450,541</u>	<u>9,619,915</u>
	<u>502,907</u>	<u>16,966</u>	<u>6,400</u>	<u>526,273</u>	<u>546,528</u>
Total expenses	<u><u>\$ 9,149,651</u></u>	<u><u>\$ 660,636</u></u>	<u><u>\$ 1,166,527</u></u>	<u><u>\$ 10,976,814</u></u>	<u><u>\$ 10,166,443</u></u>

*See accompanying notes to consolidated financial statements.*

***For The Year Ended June 30, 2025***

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**1. Business and Summary of Significant Accounting Policies**

***Presentation***

The accompanying financial statements reflect the consolidated financial statements of Adopt-A-Family of the Palm Beaches, Inc. ("AAF") and LW NSP2, LLC ("LLC") (collectively the "Organization"). All significant inter-organization accounts and transactions have been eliminated.

***Organization***

Adopt-A-Family of the Palm Beaches, Inc. was incorporated in November 1984, as a not-for-profit corporation under Florida law. AAF is a non-profit 501(c)(3) organization dedicated to strengthening families with children in their efforts to achieve stability and self-sufficiency by providing access to all-encompassing services. LW NSP2, LLC was created in December 2010, as a single member LLC with AAF as the only member. The LLC owns and operates various rental properties under the Neighborhood Stabilization Program 2. Some of the programs offered by the Organization include:

***Homeless Services and Housing***

***Senator Philip D. Lewis Homeless Resource Center (HRC)***

The Organization is a partner agency of Palm Beach County's Homeless Resource Center (HRC), which opened in 2012. The HRC serves as Palm Beach County's "front door" for access to homeless services. The Organization operates the family division and provides homeless families with assessments, case management, access to mainstream resources, vital shelter and housing services, and permanent housing. The HRC family division receives funding from multiple sources, including Palm Beach County, HUD, private foundations, and partnering agencies.

***Low-Acuity Families (LAF)***

Working through Palm Beach County's Coordinated Entry system, clients are referred to and placed in the LAF program. The Organization provides clients with supportive services, such as housing location services, case management, client-centered care plans and referrals to ancillary services. Rent and utility assistance is provided to clients through Palm Beach County's OSCARSS system.

***Day 1 Families Fund***

The Day 1 Families Fund provides a new significant investment in the Organization's efforts to end family homelessness in Palm Beach County. This program significantly increases the Organization's capacity of three core interventions – diversion, emergency shelter, and rapid re-housing – through direct client assistance dollars, expanded staff, and strengthened infrastructure.

***Program REACH***

The Organization operates Palm Beach County's main emergency shelter serving families with minor children experiencing homelessness. REACH provides 19 apartments ranging from one to three bedrooms. Families, who enter REACH through the HRC, receive up to 90 days of immediate and safe housing paired with support services and resources to seek a permanent housing solution.

*For The Year Ended June 30, 2025*

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**1. Business and Summary of Significant Accounting Policies, continued**

*Organization, continued*

*Youth*

*Connecting Youth to Opportunities (CYTO)*

CYTO is a Rapid Re-Housing program for families experiencing homelessness, whose head of household must be 18 to 24 years old at program entry. The program is one of the HUD-funded programs administered out of the HRC. The program offers intensive case management and supportive services to all residents, as well as a declining rental subsidy to assist clients while they work toward being able to sustain their housing costs independently.

*Connecting Youth to Opportunities 2 (CYTO 2)*

CYTO 2 is a Rapid Re-Housing program for families experiencing homelessness, whose head of household must be 18 to 24 years old at program entry. The program is one of the HUD-funded programs and is administered out of the HRC. The program offers intensive case management and supportive services to all participants, as well as a declining rental subsidy to assist clients while they work toward being able to sustain their housing costs independently.

*Youth Establishing Stability (YES)*

YES is a Permanent Supportive Housing program for families experiencing homelessness, whose head of household must be 18 to 24 years old at program entry and must have a disability of long duration. This is one of the HUD-funded programs administered out of the Lake Worth campus. The program offers intensive case management and supportive services to all program residents.

*Project S.A.F.E. (Stable, Able, Family, Environment)*

Project SAFE is a permanent supportive housing program for homeless families partially funded by HUD. The program consists of 32 units of agency-owned housing and is currently the largest permanent supportive housing program in Palm Beach County for families experiencing homelessness with a head of household living with a disability. The program offers intensive case management and supportive services to all program residents.

*Community Land Trust Program/Wiley Reynolds Apartments*

The Organization's Community Land Trust Program combined with the Organization's Wiley Reynolds Apartments provides affordable homeownership and rental opportunities to income qualified households. For one homeownership unit, a land lease model is used in which the Organization retains ownership of the land while the purchaser owns the improvements. Rental opportunities primarily consist of the nine-unit Wiley Reynolds Gardens apartments. The units offer low-income families and families experiencing homelessness housing that is priced below 50% of the fair market rent rates.

*For The Year Ended June 30, 2025*

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**1. Business and Summary of Significant Accounting Policies, continued**

*Organization, continued*

*Julian Place*

Julian Place is the Organization's newest affordable housing facility designed to provide programming that will improve children's educational outcomes through the provision of stable housing. Julian Place offers 14 two-, three-, and four-bedroom townhomes and a community center in Lake Worth, Florida. The program partners directly with Highland Elementary School, a Title 1 school located three blocks from Julian Place. Resident families must have a child enrolled in Highland Elementary at program entry. The Organization tracks educational outcomes for all parenting classes, financial literacy training, case management, and enrollment in Project Grow. The Youth Success Program is held at the Julian Place community center and serves youth in grades 6-12 residing in one of the Organization's housing programs or community children who were former Project GROW graduates.

*Service Enriched Housing (S.E.H.)*

The Service Enriched Housing program offers affordable housing to low-income families who are on the path to homeownership. The program consists of 30 two-bedroom apartment units located adjacent to the Organization's Family Resource Center. Rent is based on 30% of the family's gross income. The Organization captures the first \$650 as the base rent with all additional funds placed in escrow and used for credit repair, home ownership activities, and general wealth building.

*Neighborhood Stabilization Program 2 (NSP2)*

The Organization, in partnership with the Lake Worth Community Redevelopment Agency (CRA), was one of 56 awardees in 2010 to receive funding through HUD's NSP2 competition. The goal of the program was to stabilize neighborhoods through the acquisition and rehabilitation of foreclosed properties. The Organization rehabilitated and constructed a total of 41 housing units in the City of Lake Worth as a result of this opportunity. A total of 17 units were sold by the Organization to income-qualified households between 2010 and 2014.

Twenty-four units were retained by the Organization and are currently being used as affordable, defined as below fair market rent rates, rental properties for low-income families. In accordance with HUD's national grant guidelines, the units are deed restricted, protecting their affordability for 20 years from the date of completion of construction.

*Eviction Prevention*

*Housing Stabilization Program*

The Housing Stabilization Program provides eviction prevention services to families who have fallen behind on their housing payment through no fault of their own, and are at risk of homelessness. Families receive case management, financial assistance, ancillary referrals, and other supportive services to help them remain in their home.

*For The Year Ended June 30, 2025*

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**1. Business and Summary of Significant Accounting Policies, continued**

*Organization, continued*

*Education and Supportive Services*

*Youth Education*

*Gen2 Education Partnership (Gen2)*

The Gen2 Education Partnership provides a supportive, two-generation approach to connect families with the tools and resources needed for their children to overcome academic and social setbacks related to childhood homelessness. This umbrella program serves every family living in AAF's five Lake Worth supportive housing communities. This program links families to academically sound daycare; neuropsychological testing (if indicated); guidance on scholarship opportunities, Choice School applications, FAFSA, SATs, ACTs, and college applications; and access to educational resources and advocacy.

*Project Grow*

Project Grow is the Organization's licensed afterschool/out-of-school program serving children in kindergarten through fifth grade. Most children attending are formerly homeless and reside in one of the Organization's housing programs. The program is customized to meet the unique needs of formerly homeless children and focuses on building the children's social, emotional, and educational skills.

*Scholarship Fund*

Through a donor-funded scholarship program, resident children at all grade levels have the opportunity to attend private schools suited to their individual needs and talents. The scholarship funds tuition, fees, and associated expenses (uniforms, school lunches, field trips, transportation, etc.) so there is no additional cost to the family.

*Youth Success Program (YSP)*

The YSP serves middle- and high school students residing in one of the Organization's housing programs or community children who are former Project Grow graduates. The YSP gives students a place to meet several times a week, helping them stay focused on school and providing a range of social and educational activities. Programming includes drop-in tutoring sessions, enriching field trips, guest speakers, and activities. Academic growth is encouraged and celebrated, with incentives open to students who have maintained at least a 3.0 grade point average or accomplished other school-related goals.

*Supportive Services*

*Mental Health Wellness*

The Mental Health Wellness Program's (MHW) primary goal is eliminating barriers to mental health services for the Organization's high-need participants and to improve their mental health and family functioning. Though many families served by the Organization are in need of mental health services, a significant portion of the Organization's families do not engage with therapists due to barriers such as lack of transportation, acceptable health coverage, financial requirements, and provider availability. In addition, the onsite therapist is available for crisis intervention and de-escalation, and provides guidance to case managers of the families.

For The Year Ended June 30, 2025

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**1. Business and Summary of Significant Accounting Policies, continued**

*Organization, continued*

*Building Your Future Job Coach Program*

The Building Your Future Job Coaching Program was created to assist clients in obtaining, maintaining, and improving employment as well as setting up goals to obtain career-related training and education.

*Next Steps*

The Next Steps program provides financial support to motivated clients wishing to pursue education or training opportunities. Awards of up to \$1,500 each are available for clients who have identified a vocational or educational path for success but lack the finances to pursue it.

*Consolidated Financial Statement Presentation*

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with the disclosure and display requirements of the Financial Accounting Standards Board (FASB) as set forth under FASB Accounting Standards Codification (FASB ASC) 958-205 *Not-for-Profit Entities, Presentation of Financial Statements*. Accordingly, the net assets of the Organization are reported in each of the following classes:

*Net assets without donor restrictions:* Include financial resources not restricted by donors, even though their use may be limited in other ways, such as by contract or by Board designation. Unrestricted amounts are currently available, at the discretion of the Board, for use in the Organization's operations.

The Organization does not imply time restrictions on gifts of long-lived assets. In the absence of explicit donor stipulation as to how long an asset must be held, the Organization releases any purpose restrictions when the asset is placed in service for the use stipulated by the donor.

*Net assets with donor restrictions:* Include financial resources whose use by the Organization has been limited by donor restriction as to the period of use or to specified purposes. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the restricted amounts are reclassified to net assets without donor restrictions.

*Basis of Accounting*

The consolidated 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. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

*Estimates*

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

*For The Year Ended June 30, 2025*

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**1. Business and Summary of Significant Accounting Policies, continued**

***Cash and Cash Equivalents***

Cash and cash equivalents include checking, savings, money market accounts, insured cash sweep, US Treasury Bills, and petty cash. The Organization also considers short-term investments with a maturity of three months or less when purchased to be cash equivalents, other than those held as part of the Organization's investment portfolio. Noncurrent cash and cash equivalents consisted of resident deposits, escrow accounts, and funds designated for contingencies.

***Grants and Allocations Receivable***

Grants receivable are recorded when services have been rendered. If events or changes in circumstances indicate that specific receivable balances may be disallowed by the granting authority, the receivable balances are written-off as an operating expense. Allocations receivable that are unconditional are recorded at the time of receipt.

***Promises to Give***

Unconditional promises to give are recognized as support in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Unconditional promises to give noncash assets that are expected to be received in future years are recorded at the present value of the expected fair value of the underlying noncash assets expected to be received. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Any changes in the expected fair value of underlying noncash assets are reported as increases and decreases in contribution revenue in the period the change occurs. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

***Investments***

Investments include fixed income securities and money balances that are reported at fair value as determined by quoted market prices. The Organization contracts with investment managers to perform ongoing investment functions, investment performance monitoring, and invest according to the investment guidelines established by the Organization's Finance Committee and approved by the Board of Directors.

***Property and Equipment***

Acquisitions of property and equipment in excess of \$5,000 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of the donation. Donations of property and equipment are recorded as unrestricted support unless the donor has restricted the donated asset to a specific purpose. 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 support. 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 donor restricted net assets to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over the estimated useful life of the assets, ranging from 3 to 39 years.

*For The Year Ended June 30, 2025*

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**1. Business and Summary of Significant Accounting Policies, continued**

*Property and Equipment, continued*

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

*Accrued Absences*

Employees may accumulate unused vacation based upon the length of service. Accumulated vacation is payable to eligible employees upon termination or retirement at the current rate of pay, if employed more than 90 days. Accumulated unpaid vacation is accrued as a liability and charged to expense as incurred.

*Resident Deposits and Escrow Accounts*

In connection with its various housing programs, the Organization receives and maintains deposits on rent and escrow funds for residents to be later returned to them or recorded as revenue.

*Designated for Contingencies*

As of June 30, 2025, the Organization has segregated \$1,341,900 of net assets for a contingency fund. The contingency fund is composed of \$1,053,200 for AAF needs and \$288,700 for NSP2 needs.

*Revenue Recognition*

The Organization receives various grants from federal, local, and private agencies for program and supporting service expenses. These grants are generally on a cost reimbursement basis, including recoverable overhead. Revenues from grants are deemed earned and recognized in the consolidated statement of activities when expenditures are made for the purpose specified. Funds that have been received but have not yet been expended for the purpose specified are reported as revenue with donor restrictions or refundable advance, as applicable.

Grants which are not awarded on a cost reimbursement basis are recorded as support in the year for which the grant was awarded and in which the conditions of the grant are met.

*Support and Revenue*

Support from foundations, unconditional promises to give, and other contributions of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when either the stipulated time restriction ends or the purpose restriction is accomplished, donor restricted net assets are reclassified and reported in the consolidated statements of activities as net assets released from restriction.

**For The Year Ended June 30, 2025**

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**1. Business and Summary of Significant Accounting Policies, continued**

***In-Kind Donations***

Donated services and in-kind support are recognized as contributions in accordance with FASB ASC 958-605, *Revenue Recognition*, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. These services are reflected in the consolidated financial statements at their estimated fair market value at the date of receipt. The donated services and in-kind support are recorded as gifts in-kind income and expense in the period rendered. The total amount of donated goods received during the year ended June 30, 2025, amounted to approximately \$65,700. Donated goods consisted of holiday gifts (\$65,500), and household items and clothing (\$200) that are provided to clients. They were recorded at estimated fair market value at the date of the receipt based the estimated price of identical or similar products if purchased in this area. This amount is recognized as both revenue, under the caption of in-kind donations, and expense, under the caption of specific assistance in the consolidated statement of functional expenses. There were no significant contributions of professional services for the year ended June 30, 2025.

In addition, the Organization relies on volunteers who donate significant time in the advancement of its goals; however, such services do not meet the criteria for financial statement recognition and are therefore not included herein.

***Expense Allocation***

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and according to natural classification in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

***Specific Assistance***

Specific assistance expense, as denoted in the consolidated statement of functional expenses, consists of direct financial assistance expended on behalf of the Organization's clients correlating to the mission of the respective programs.

***Advertising Costs***

Advertising costs are charged to operations when incurred.

***Leases***

The Organization accounts for all leases in accordance with ASC 842, *Leases*, recognizing lease liabilities and right-of-use (ROU) assets in the consolidated statement of financial position for all leases that meet the definition of a lease, except for short-term leases with lease terms of 12 months or less where the practical expedient to not recognize lease liabilities and ROU assets is elected. Lease payments are recognized as rent expense in the consolidated statement of activities on a straight-line basis over the term of the lease.

For The Year Ended June 30, 2025

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**1. Business and Summary of Significant Accounting Policies, continued**

*Income Taxes*

Adopt-A-Family of the Palm Beaches, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. LW NSP2, LLC is a single member LLC and is treated as a disregarded entity for income tax purposes. Therefore, no provision for income taxes has been made in these consolidated financial statements. In addition, AAF qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

The Organization follows FASB ASC 740-10, “*Accounting for Uncertainty in Income Taxes*.” This pronouncement seeks to reduce the diversity in practice associated with certain aspects of measurement and recognition in accounting for income taxes. It prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. An entity may only recognize or continue to recognize tax positions that meet a “more likely than not” threshold. The Organization assesses its income tax positions based on management’s evaluation of the facts, circumstances, and information available at the reporting date. The Organization uses the prescribed more likely than not threshold when making its assessment. The Organization has not accrued any interest expense or penalties related to tax positions for the year ended June 30, 2025, and there are currently no open Federal or State tax years under audit.

*Comparative Financial Statement Information*

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended June 30, 2024, from which the summarized information was derived.

**2. Liquidity and Availability of Resources**

Financial assets available for general expenditure within one year, that is, without donor restrictions or other restrictions limiting their use within one year of the consolidated statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 4,282,994
Grants and allocation receivable	907,483
Contributions receivable	44,150
Investments	<u>2,240,627</u>
 Total financial assets available to meet general expenditures over the next 12 months	 <u>\$ 7,475,254</u>

The Organization is substantially supported by contributions without donor and with donor restrictions. 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.

For The Year Ended June 30, 2025

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**2. Liquidity and Availability of Resources, continued**

Some of the Organization's net assets with donor restrictions are available for general expenditure within one year of June 30, 2025, because the restrictions on the net assets are expected to be met by conducting the normal program activities of the Organization in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year. Furthermore, management believes the Organization has sufficient cash designated by the Board for contingencies plus a \$350,000 line of credit, both of which may be drawn upon in the event of unanticipated financial distress or an immediate liquidity need. The Organization forecasts its future cash flows and monitors liquidity on a monthly basis.

**3. Fair Value Measurements**

The Organization follows FASB ASC 820-10, "Fair Value Measurements and Disclosures," which provides a common definition of fair value, establishes a framework to measure fair value within accounting principles generally accepted in the United States of America, and expands the disclosures about fair value measurements. The standard does not create any new fair value measurements. Instead, it applies under existing accounting pronouncements that require or permit fair value measurements.

For assets and liabilities measured at fair value on a recurring basis, entities should disclose information that allows financial statement users to assess (1) the inputs used to develop such measurements, such as Level 1 (i.e., quoted price in an active market for an identical asset or liability), Level 2 (i.e., quoted price for similar assets or liabilities in active markets), or Level 3 (i.e., unobservable inputs); and (2) the effect on changes in net assets of recurring measurements that use significant unobservable (Level 3) inputs.

The fair value measurement of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

*Fair Value of Financial Instruments:* The following methods and assumptions were used by the Organization in estimating fair value of financial instruments that are not disclosed under ASC 820.

*Cash and Cash Equivalents:* The carrying amount reported approximates fair value.

*Grants and Allocations, and Contributions Receivable:* The carrying amount approximates fair value due to the short-term nature of the receivables.

*Accounts Payable and Accrued Expenses:* The carrying amount reported approximates fair value due to the short-term duration of the instruments.

*Obligation under Finance Leases:* The carrying amount reported approximates fair value as the stated interest rates approximate market rates.

**For The Year Ended June 30, 2025**

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**3. Fair Value Measurements, continued**

*Items Measured at Fair Value on a Recurring Basis:* The following methods and assumptions were used by the Organization in estimating fair value of financial instruments that are measured at fair value on a recurring basis under ASC 820.

*Investments:* Valued according to the market quotation provided by the custodian as of the close of business as of June 30, 2025.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments as of June 30, 2025:

	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
<b>Investments:</b>				
Cash and cash equivalents	\$ 19,616	\$ -	\$ -	\$ 19,616
US Treasury Notes	2,202,334	-	-	2,202,334
Accrued income	<u>18,677</u>	-	-	<u>18,677</u>
Total investments	<u>\$ 2,240,627</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,240,627</u>

**4. Grants and Allocations Receivable**

A summary of grants and allocations receivable as of June 30, 2025, is as follows:

Hearst Foundation	\$ 100,000
Homeless Coalition	69,767
Housing and Urban Development (HUD)	202,057
Learning Coalition of Palm Beach County	16,682
Low-Acuity Families	14,574
Palm Beach County	255,008
United Way	247,204
Others	<u>2,191</u>
Total grants and allocations receivable	<u>\$ 907,483</u>

Management believes that grants and allocations receivable are fully collectible in less than one year and, therefore, no discount or allowance for uncollectible receivables was considered necessary.

**5. Contributions Receivable**

Contributions are recognized in the period an unconditional promise to give is received. Contributions receivable are recorded at face value if due in less than one year, or at net realizable value, discounted as appropriate to reflect the estimated timing of receipt for contributions, if due more than one year after the date of receipt. As of June 30, 2025 all remaining balances are expected to be collected in less than one year. The allowance for uncollectible contributions receivable is determined based on management's estimate.

For The Year Ended June 30, 2025

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**5. Contributions Receivable, continued**

The following is a summary of contributions receivable as of June 30, 2025:

Contributions receivable	\$ 49,150
Allowance for uncollectible amounts	<u>(5,000)</u>
Net contributions receivable	<u>\$ 44,150</u>

**6. Property and Equipment**

Details of the Organization's property and equipment as of June 30, 2025, are as follows:

Land	\$ 1,034,218
Buildings	9,285,824
Building improvements	1,514,484
Equipment	83,656
Motor vehicles	353,981
Construction in progress	<u>189,764</u>
	12,461,927
Less accumulated depreciation	<u>5,914,677</u>
Net property and equipment	<u>\$ 6,547,250</u>

Construction in progress consisted of the accumulated costs associated with various projects, including a playground, A/C system and roof replacement projects.

**7. Community Land Trust Program/Wiley Reynolds Apartments**

The Organization operates a Community Land Trust (CLT) program that was established in order to make housing available to residents who cannot otherwise afford it while providing benefits to the local community. The land is held permanently by the Organization to ensure perpetual affordability; however, the homes are owned by those who live in them. When the Organization sells a home, it leases the underlying land to the homeowners through a long-term (i.e., 99-year) renewable lease, and retains a right of first refusal to buy back the building.

The program includes a single-family residence on 505 North K Street, a nine-unit apartment complex named Wiley Reynolds Apartments located at 1736 2nd Ave North, and a lot on 1715 3rd Ave North utilized for the Julian Place project. The net assets without donor restrictions designated for the CLT as of June 30, 2025, consisted of the following:

Land	\$ 296,669
Building	<u>1,971,318</u>
	2,267,987
Less accumulated depreciation	<u>1,182,261</u>
Total designated for CLT	<u>\$ 1,085,726</u>

*For The Year Ended June 30, 2025*

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**8. Line of Credit**

The Organization has a \$350,000 line of credit with First Horizon Bank (Bank) that is collateralized by land, buildings, and improvements at 1712 2<sup>nd</sup> Avenue and 1717 3<sup>rd</sup> Avenue North. Interest is paid monthly at the Bank's prime rate, which was 7.50% as of June 30, 2025. There was no amount outstanding under the line of credit as of June 30, 2025.

**9. Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2025:

Gen2 Education Partnership	\$ 137,943
Homeless Resource Center	1,075
Housing Stabilization Program	264,112
Julian Place	25,000
Mental Health Wellness	29,330
Neighborhood Stabilization Program	61,798
Program REACH	94,177
Project Grow	315,597
Project Safe	10,000
Service Enriched Housing	56,100
Wiley Reynolds Apartments	<u>25,000</u>
Total net assets with donor restrictions	<u>\$ 1,020,132</u>

**10. Leases**

The Organization leases certain equipment under finance leases that expire at various dates through January 2029. The assets and liabilities under the finance leases were recorded at the lower of the present value of minimum lease payments or the fair value of the assets. The assets are amortized over the lower of their lease terms or their estimated useful lives.

Amortization of equipment under finance leases is included in depreciation expense in the accompanying consolidated financial statements. Depreciation of assets under finance leases charged to expense during the year ended June 30, 2025 was \$23,484. Minimum future lease payments under finance leases as of June 30, 2025 for each of the next four years are:

<u>Year</u>	<u>Amount</u>
2026	\$ 25,920
2027	19,920
2028	18,720
2029	<u>10,920</u>
Total obligation under finance leases	75,480
Less amount representing interest	<u>9,020</u>
Present value of future lease payments	66,460
Less current portion	<u>21,672</u>
Long-term portion	<u>\$ 44,788</u>

*For The Year Ended June 30, 2025*

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**10. Leases, continued**

A discount has been calculated using an interest rate of 8.50%, which approximates the incremental borrowing rate of the Organization at the time the leases was recorded.

**11. Special Events**

The Organization sponsored several special events during the year. Special event revenues and expenses for the year ended June 30, 2025 were as follows:

	<u>Revenues</u>	<u>Direct Expenses</u>	<u>Net</u>
Tree Lighting	\$ 1,216,124	\$ 133,703	\$ 1,082,421
Carrier	511,639	41,783	469,856
Golf	479,250	62,541	416,709
Others	<u>210,211</u>	<u>120,619</u>	<u>89,592</u>
Total	<u><u>\$ 2,417,224</u></u>	<u><u>\$ 358,646</u></u>	<u><u>\$ 2,058,578</u></u>

**12. Employee Benefit Plan**

The Organization sponsors a Safe Harbor contribution plan pursuant to Section 401(k) of the Internal Revenue Code. All employees are eligible to participate upon hire. Under the plan, employees may contribute a specified percentage of their salary or a fixed dollar amount to the plan. The Organization contributes a Safe Harbor contribution of 3% of eligible compensation to the plan once the employee has completed one year of service. The Organization's contribution to the plan for the year ended June 30, 2025 was \$99,269 and is included within the employee benefits category in the consolidated statement of functional expenses.

**13. Concentrations**

The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of June 30, 2025, uninsured deposits held in banks totaled approximately \$1,694,000. Balances at brokerage accounts are guaranteed by the Securities Investor Protection Corporation (SIPC) up to \$500,000, which includes a \$250,000 limit for cash. As of June 30, 2025, the security balances exceeded the SIPC insurance limit.

The Organization minimizes its risk by depositing cash in financial institutions that management believes to be in sound financial condition. The Organization has not experienced any losses on such accounts and management believes the Organization is not exposed to any significant credit risk arising from such balances.

*For The Year Ended June 30, 2025*

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**14. Subsequent Events**

Management has evaluated subsequent events through December 19, 2025, the date on which the consolidated financial statements were available to be issued, and determined there were no further disclosures required to be presented in these consolidated financial statements.

# Holyfield & Thomas, LLC

Certified Public Accountants & Advisors

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## 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  
Adopt-A-Family of the Palm Beaches, Inc.  
Lake Worth, 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 Adopt-A-Family of the Palm Beaches, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 19, 2025.

### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the consolidated financial statements, we considered Adopt-A-Family of the Palm Beaches, 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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Adopt-A-Family of the Palm Beaches, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Adopt-A-Family of the Palm Beaches, 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 Adopt-A-Family of the Palm Beaches, Inc.'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 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 Adopt-A-Family of the Palm Beaches, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Adopt-A-Family of the Palm Beaches, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Holyfield & Thomas, LLC*

West Palm Beach, Florida  
December 19, 2025

# Holyfield & Thomas, LLC

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of  
Adopt-A-Family of the Palm Beaches, Inc.  
Lake Worth, Florida

### ***Report on Compliance for Each Major Federal Program***

### ***Opinion on Each Major Federal Program***

We have audited Adopt-A-Family of the Palm Beaches, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Adopt-A-Family of the Palm Beaches, Inc.'s major federal programs for the year ended June 30, 2025. Adopt-A-Family of the Palm Beaches, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Adopt-A-Family of the Palm Beaches, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

### ***Basis for Opinion on Each Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Adopt-A-Family of the Palm Beaches, Inc.'s federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Adopt-A-Family of the Palm Beaches, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Adopt-A-Family of the Palm Beaches, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Adopt-A-Family of the Palm Beaches, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

### ***Report on Internal Control Over Compliance***

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

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

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

*Holyfield & Thomas, LLC*

West Palm Beach, Florida  
December 19, 2025

For The Year Ended June 30, 2025

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**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

*Consolidated Financial Statements*

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to consolidated financial statements noted?	No

*Federal Awards*

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor’s report issued on compliance on major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Major programs:	
CFDA Number(s)	14.276
Name of Federal Program or Cluster:	U.S. Department of Housing and Urban Development - Youth Homelessness Demonstration Program
Dollar Threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as a low-risk auditee?	Yes

*For The Year Ended June 30, 2025*

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**SECTION II – CONSOLIDATED FINANCIAL STATEMENT FINDINGS**

There are no findings or questioned costs reported for the year ended June 30, 2025, relative to financial reporting for Adopt-A-Family of the Palm Beaches, Inc.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There are no findings or questioned costs reported for the year ended June 30, 2025, relative to federal awards for Adopt-A-Family of the Palm Beaches, Inc.

**CORRECTIVE ACTION PLAN**

There is no corrective action plan required, as there are no findings or question costs reported for the year ended June 30, 2025.

**PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

There were no prior audit findings or questioned costs for the year ended June 30, 2024, relative to federal awards requiring action on the part of the auditee for that fiscal year.

## **SUPPLEMENTARY INFORMATION**

**ADOPT-A-FAMILY  
OF THE PALM BEACHES, INC.**

**SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS**

**For the Year Ended June 30, 2025**

<u>Federal Grantor/Pass-Through Grantor Program or Cluster Title</u>	<u>Assistance Listing Number / Award Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development - Office of Community Planning and Development		
Continuum of Care Program:	14.267 /	
Project SAFE II	FL0288L4D052316	\$ 186,684
Project SAFE II	FL0288L4D052417	87,746
Connecting Youth to Opportunity	FL0664L4D052307	339,360
		<u>613,790</u>
Youth Homelessness Demonstration Program:	14.276 /	
Connecting Youth to Opportunity II	FL0845Y4D052202	115,607
Connecting Youth to Opportunity II	FL0844Y4D052303	234,138
Youth Establishing Stability	FL0844Y4D052202	148,195
Youth Establishing Stability	FL0844Y4D052303	213,276
		<u>711,216</u>
Passed through from Palm Beach County Housing and Community Development:		
Emergency Solutions Grants Program:	14.231 /	
Emergency Solutions Grant	R2024-0030	16,908
Emergency Solutions Grant	R2024-1197	192,958
Emergency Solutions Grant		45,299
		<u>238,257</u>
Emergency Rental Assistance Program:	21.023 /	
Low-Acuity Families Grant	R2023-1432	174,756
Total federal expenditures		<u>\$ 1,738,019</u>

*See independent auditor's report and accompanying notes to  
Schedule of Expenditures of Federal Awards.*

For The Year Ended June 30, 2025

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**1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Adopt-A-Family of the Palm Beaches, Inc. under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Adopt-A-Family of the Palm Beaches, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Adopt-A-Family of the Palm Beaches, Inc.

**2. Summary of Significant Accounting Policies**

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

**3. Scope of Audit Pursuant to Uniform Guidance**

All federal grant operations of Adopt-A-Family of the Palm Beaches, Inc. are included in the scope of the Uniform Guidance.

Programs tested as major federal programs included awards received directly from the U.S. Department of Housing and Urban Development under the Youth Homelessness Demonstration Program, with fiscal year 2025 expenditures totaling \$711,216. Programs tested ensure coverage of at least 20 percent of federally granted funds. Actual coverage is approximately 40 percent of total federal award program expenditures.

**4. Indirect Cost Rate**

Adopt-A-Family of the Palm Beaches, Inc. has elected not to use the 10% de minimis indirect cost allowed under the Uniform Guidance.

*See independent auditor's report.*

**ADOPT-A-FAMILY  
OF THE PALM BEACHES, INC.  
For the Year Ended June 30, 2025**

<b>Homeless Services and Housing</b>						
	<b>Homeless Resource Center</b>	<b>Day 1 Families Fund</b>	<b>Program REACH</b>	<b>Youth</b>	<b>Project S.A.F.E.</b>	<b>CLT / Wiley Reynolds Apartments</b>
Salaries	\$ 1,147,540	\$ 100,975	\$ 332,403	\$ 163,107	\$ 409,346	\$ 62,830
Employee benefits	234,798	23,624	49,909	38,000	53,700	6,224
Payroll taxes	83,660	7,778	24,388	11,889	29,314	4,502
	<u>1,465,998</u>	<u>132,377</u>	<u>406,700</u>	<u>212,996</u>	<u>492,360</u>	<u>73,556</u>
Advertising and recruitment	658	-	-	-	-	-
Building maintenance	180	32	31,689	28	94,083	33,063
Equipment rental	-	-	933	-	1,780	-
Insurance expense	58,968	9,755	20,413	8,664	102,405	23,847
Interest expense	-	-	1,808	-	1,807	-
Membership dues	2,996	766	1,399	451	5,888	956
Office supplies	8,033	6	6,999	9	4,276	20
Other expenses	-	-	5	-	1,292	1,549
Postage	184	32	19	-	-	-
Printing	255	35	88	37	81	6
Professional fees	27,222	2,695	9,042	4,689	13,919	12,203
Property tax	-	-	-	-	7,411	1,984
Rent	4,704	446	1,631	670	1,475	119
Specific assistance and program supplies	1,122,674	293,989	4,035	842,992	78,835	11,879
Telephone	5,653	536	7,127	805	6,560	265
Training and development	5,030	100	379	190	886	19
Travel and transportation	12,170	1,171	4,814	2,811	4,613	1,091
Utilities	7,914	982	2,742	1,141	4,580	196
	<u>2,722,639</u>	<u>442,922</u>	<u>499,823</u>	<u>1,075,483</u>	<u>822,251</u>	<u>160,753</u>
Depreciation	<u>9,616</u>	<u>-</u>	<u>19,569</u>	<u>-</u>	<u>66,049</u>	<u>72,483</u>
<b>Total expenses</b>	<b><u>\$ 2,732,255</u></b>	<b><u>\$ 442,922</u></b>	<b><u>\$ 519,392</u></b>	<b><u>\$ 1,075,483</u></b>	<b><u>\$ 888,300</u></b>	<b><u>\$ 233,236</u></b>

*See independent auditor's report.*

**CONSOLIDATED SCHEDULE OF  
PROGRAM EXPENSES**

<b>Homeless Services and Housing</b>			<b>Eviction Prevention</b>		<b>Education and Supportive Services</b>				<b>Total Program Expenses</b>
Julian Place	Service Enriched Housing	NSP2	Housing Stabilization Program	Gen2 and Youth Success	Project Grow	Mental Health Wellness			
\$ 125,759	\$ 120,314	\$ 103,913	\$ 308,967	\$ 63,355	\$ 373,749	\$ 116,446	\$ 3,428,704		
28,744	25,444	20,780	72,631	13,214	76,391	22,759	666,218		
8,807	8,631	7,298	21,547	4,683	26,131	8,301	246,929		
163,310	154,389	131,991	403,145	81,252	476,271	147,506	4,341,851		
-	-	-	83	-	2,388	-	3,129		
48,345	112,104	91,572	365	-	17,884	205	429,550		
-	-	-	-	-	1,388	-	4,101		
43,269	47,559	62,791	13,182	-	29,273	17,249	437,375		
-	-	-	-	-	1,808	-	5,423		
1,512	3,908	2,526	907	-	1,957	321	23,587		
680	189	57	3,609	400	6,915	3,301	34,494		
3,088	7,362	3,703	-	-	705	-	17,704		
-	-	168	32	-	-	-	435		
33	29	24	55	-	73	35	751		
46,601	4,585	5,235	5,739	-	13,021	3,738	148,689		
2,471	7,642	12,197	349	-	470	242	32,766		
601	532	429	979	-	1,322	687	13,595		
8,883	49,497	28,631	469,637	10,871	85,585	8,489	3,015,997		
6,701	1,117	900	1,800	-	2,429	1,258	35,151		
144	64	83	1,621	146	917	196	9,775		
2,018	3,586	2,782	3,013	87	5,382	685	44,223		
23,913	898	732	1,697	-	2,249	1,104	48,148		
351,569	393,461	343,821	906,213	92,756	650,037	185,016	8,646,744		
174,436	34,212	78,394	6,883	-	38,427	2,838	502,907		
\$ 526,005	\$ 427,673	\$ 422,215	\$ 913,096	\$ 92,756	\$ 688,464	\$ 187,854	\$ 9,149,651		

*See independent auditor's report.*