

**FLORENCE CRITTENTON HOME AND SERVICES  
AND FLORENCE CRITTENTON HOME  
AND SERVICES FOUNDATION**

**FINANCIAL STATEMENTS  
AS OF  
JUNE 30, 2023 AND 2022**

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***Douglas Wilson & Company, P.C.***

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Certified Public Accountants  
Since 1913

**Douglas WILSON**  
and Company, PC

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Board of Trustees  
Florence Crittenton Home and Services and  
Florence Crittenton Home and Services Foundation  
Helena, Montana

## INDEPENDENT AUDITOR'S REPORT

### Opinion

We have audited the accompanying consolidated financial statements of Florence Crittenton Home and Services (the "Home") Florence Crittenton Home and Services Foundation (the "Foundation"), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities and changes in net assets, consolidated cash flows, and consolidated functional expenses for the years 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 consolidated financial position of the Home and Foundation as of June 30, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Home and Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management's for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Home and Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Home and Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Home and Foundation's ability to continue as a going concern for a reasonable period of time.

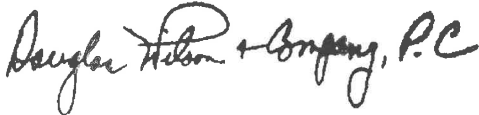
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information appearing on pages 41-44 and 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 and related notes on pages 29-30 is presented for the purpose 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. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 23, 2024, on our consideration of the Home and Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Home and Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Home and Foundation's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Douglas Wilson + Company, P.C." The signature is written in a cursive, flowing style.

Great Falls, Montana  
April 23, 2024

**FLORENCE CRITTENTON HOME AND SERVICES  
AND FLORENCE CRITTENTON HOME AND SERVICES FOUNDATION**

**HELENA, MONTANA**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2023 AND 2022**

|  | June 30,                   |                            |
|--|----------------------------|----------------------------|
|  | 2023                       | 2022                       |
| <b>ASSETS</b>                          |                            |                            |
| Current assets                         |                            |                            |
| Cash                                   | \$ 643,197                 | \$ 403,297                 |
| Patient and accounts receivable - net  | 1,308                      | 7,300                      |
| Grants receivable                      | 101,970                    | 234,610                    |
| Prepaid expenses and other             | 2,874                      | 6,771                      |
| Total current assets                   | <u>749,349</u>             | <u>651,978</u>             |
| Net property and equipment             | <u>4,700,904</u>           | <u>4,225,113</u>           |
| Other assets                           |                            |                            |
| Investments                            | 603,229                    | 566,039                    |
| Cash surrender value of life insurance | 76,992                     | 74,639                     |
| Total other assets                     | <u>680,221</u>             | <u>640,678</u>             |
| Total assets                           | <u><b>\$ 6,130,474</b></u> | <u><b>\$ 5,517,769</b></u> |
| <b>LIABILITIES AND NET ASSETS</b>      |                            |                            |
| Current liabilities                    |                            |                            |
| Accounts payable - trade               | \$ 195,520                 | \$ 43,939                  |
| Accrued salaries                       | 39,887                     | 28,972                     |
| Accrued payroll taxes and benefits     | 4,566                      | 18,721                     |
| Accrued vacation                       | 59,522                     | 51,185                     |
| Planned gift liability                 | 2,069                      | 2,069                      |
| Refundable advance liability           | 6,281                      | 9,552                      |
| Total current liabilities              | <u>307,845</u>             | <u>154,438</u>             |
| Long-term liabilities                  |                            |                            |
| Line of credit                         | 115,920                    | 116,531                    |
| Note Payable                           | 443,285                    | 509,623                    |
| Total long-term liabilities            | <u>559,205</u>             | <u>626,154</u>             |
| Total liabilities                      | <u>867,050</u>             | <u>780,592</u>             |
| Net assets                             |                            |                            |
| Without donor restrictions             | 3,238,282                  | 3,382,805                  |
| With donor restrictions                | 2,025,142                  | 1,354,372                  |
| Total net assets                       | <u>5,263,424</u>           | <u>4,737,177</u>           |
| Liabilities and Net Assets             | <u><b>\$ 6,130,474</b></u> | <u><b>\$ 5,517,769</b></u> |

The accompanying notes are an integral part of these financial statements.

**FLORENCE CRITTENTON HOME AND SERVICES  
AND FLORENCE CRITTENTON HOME AND SERVICES FOUNDATION**

**HELENA, MONTANA**

**CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2023**

|   | <b>2023</b>                               |  |                            |
|---|---|--|----------------------------|
|   | <b>Without<br/>Donor<br/>Restrictions</b> | <b>With<br/>Donor<br/>Restrictions</b> | <b>Total</b>               |
| Support and Revenue:  |   |  |                            |
| Patient service revenue, net of contractual<br>and bad debts              | \$ 511,035                                | \$ -                                   | \$ 511,035                 |
| Fee for service   | 218,601                                   | -                                      | 218,601                    |
| Agency contracts  | 936,819                                   | -                                      | 936,819                    |
| Contributions and grants  | 651,422                                   | 969,886                                | 1,621,308                  |
| In-kind contributions   | 126,395                                   | -                                      | 126,395                    |
| Special Events Revenue, net of<br>\$147,207 of direct benefits to donors  | 201,066                                   | -                                      | 201,066                    |
| Investment Return, Net  | 54,746                                    | -                                      | 54,746                     |
| Other income  | 97,409                                    | -                                      | 97,409                     |
| Change in value of split interest agreements<br>and cash surrender values | 2,354                                     | -                                      | 2,354                      |
| Net assets released from restrictions                                     | 299,116                                   | (299,116)                              | -                          |
| Total support and revenue   | <u>3,098,963</u>                          | <u>670,770</u>                         | <u>3,769,733</u>           |
| Expenses:   |   |  |                            |
| Program services  | 2,409,819                                 | -                                      | 2,409,819                  |
| Management and general  | 363,835                                   | -                                      | 363,835                    |
| Fundraising   | 469,832                                   | -                                      | 469,832                    |
| Total expenses  | <u>3,243,486</u>                          | <u>-</u>                               | <u>3,243,486</u>           |
| Change in net assets  | (144,523)                                 | 670,770                                | 526,247                    |
| Net assets at beginning of year   | <u>3,382,805</u>                          | <u>1,354,372</u>                       | <u>4,737,177</u>           |
| Net assets at end of year   | <u><u>\$ 3,238,282</u></u>                | <u><u>\$ 2,025,142</u></u>             | <u><u>\$ 5,263,424</u></u> |

The accompanying notes are an integral part of these financial statements.

**FLORENCE CRITTENTON HOME AND SERVICES  
AND FLORENCE CRITTENTON HOME AND SERVICES FOUNDATION**

HELENA, MONTANA

**CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2022**

|   | <b>2022</b>                               |  |                            |
|---|---|--|----------------------------|
|   | <b>Without<br/>Donor<br/>Restrictions</b> | <b>With<br/>Donor<br/>Restrictions</b> | <b>Total</b>               |
| Support and Revenue:  |   |  |                            |
| Patient service revenue, net of contractual<br>and bad debts              | \$ 114,356                                | \$ -                                   | \$ 114,356                 |
| Fee for service   | 298,728                                   | -                                      | 298,728                    |
| Agency contracts  | 927,172                                   | -                                      | 927,172                    |
| Contributions and grants  | 2,421,790                                 | 1,128,287                              | 3,550,077                  |
| In-kind contributions   | 1,224,507                                 | -                                      | 1,224,507                  |
| Investment Return, Net  | (104,857)                                 | -                                      | (104,857)                  |
| Other income  | 78,204                                    | -                                      | 78,204                     |
| Change in value of split interest agreements<br>and cash surrender values | 2,313                                     | -                                      | 2,313                      |
| Net assets released from restrictions                                     | 114,793                                   | (114,793)                              | -                          |
| Total support and revenue   | <u>5,077,006</u>                          | <u>1,013,494</u>                       | <u>6,090,500</u>           |
| Expenses:   |   |  |                            |
| Program services  | 2,064,398                                 | -                                      | 2,064,398                  |
| Management and general  | 620,814                                   | -                                      | 620,814                    |
| Fundraising   | 228,139                                   | -                                      | 228,139                    |
| Total expenses  | <u>2,913,351</u>                          | <u>-</u>                               | <u>2,913,351</u>           |
| Change in net assets  | 2,163,655                                 | 1,013,494                              | 3,177,149                  |
| Net assets at beginning of year   | <u>1,219,150</u>                          | <u>340,878</u>                         | <u>1,560,028</u>           |
| Net assets at end of year   | <u><b>\$ 3,382,805</b></u>                | <u><b>\$ 1,354,372</b></u>             | <u><b>\$ 4,737,177</b></u> |

The accompanying notes are an integral part of these financial statements.



**FLORENCE CRITTENTON HOME AND SERVICES  
AND FLORENCE CRITTENTON HOME AND SERVICES FOUNDATION**

**HELENA, MONTANA**

**CONSOLIDATED STATEMENTS OF CASH FLOW  
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

|   | June 30,                 |                          |
|---|--------------------------|--------------------------|
|   | 2023                     | 2022                     |
| Change in cash:   |                          |                          |
| Cash flows from operating activities:   |                          |                          |
| Change in net assets  | \$ 526,247               | \$ 3,177,149             |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                          |                          |
| Depreciation  | 147,624                  | 83,764                   |
| Realized and unrealized (gains) losses  | (43,184)                 | 144,038                  |
| Non-cash donation of investments  | (25,075)                 | (30,809)                 |
| Non-cash donation of building   | -                        | (1,025,000)              |
| Amortization of securities  | 1,045                    | -                        |
| Changes in operating assets and liabilities:  |                          |                          |
| Patient and accounts receivable   | 5,992                    | 24,819                   |
| Grants receivable   | 132,640                  | 3,380                    |
| Prepaid expenses  | 3,897                    | 6,810                    |
| Cash surrender value of life insurance  | (2,353)                  | (2,313)                  |
| Accounts payable - trade  | 151,581                  | (1,250)                  |
| Accrued salaries  | 10,915                   | (27,511)                 |
| Accrued payroll taxes and benefits  | (14,155)                 | (6,899)                  |
| Accrued vacation  | 8,337                    | (7,005)                  |
| Planned gift liability  | -                        | -                        |
| Refundable advance liability  | (3,271)                  | 9,552                    |
| Net cash from operating activities  | <u>900,240</u>           | <u>2,348,725</u>         |
| Cash flows from investing activities:   |                          |                          |
| Proceeds from sale of investments   | 375,613                  | 88,844                   |
| Payments for purchase of investments  | (345,589)                | (65,371)                 |
| Purchase of property and equipment  | (623,415)                | (2,610,343)              |
| Net cash from investing activities  | <u>(593,391)</u>         | <u>(2,586,870)</u>       |
| Cash flows from financing activities:   |                          |                          |
| Proceeds from note payable  | -                        | 544,623                  |
| Payments on note payable  | (66,338)                 | (35,000)                 |
| Proceeds from line of credit  | -                        | 77,742                   |
| Payments on line of credit  | (611)                    | (61,211)                 |
| Net cash from financing activities  | <u>(66,949)</u>          | <u>526,154</u>           |
| Net change in cash  | 239,900                  | 288,009                  |
| Cash at beginning of year   | <u>403,297</u>           | <u>115,288</u>           |
| Cash at end of year   | <u><u>\$ 643,197</u></u> | <u><u>\$ 403,297</u></u> |
| Supplemental cash flow information:   |                          |                          |
| Interest Paid   | <u>\$ 29,223</u>         | <u>\$ 8,120</u>          |
| Non-cash donations of investments   | <u>\$ 54,389</u>         | <u>\$ 30,809</u>         |
| Non-cash donations of building  | <u>\$ -</u>              | <u>\$ 1,025,000</u>      |

The accompanying notes are an integral part of these financial statements.

**FLORENCE CRITTENTON HOME AND SERVICES  
AND FLORENCE CRITTENTON HOME AND SERVICES FOUNDATION**

HELENA, MONTANA

**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2023**

|                           | <b>2023</b>         |                                       |                    |                     |
|---------------------------|---------------------|---------------------------------------|--------------------|---------------------|
|                           | <b>Program</b>      | <b>Management<br/>and<br/>General</b> | <b>Fundraising</b> | <b>Total</b>        |
| Salaries and wages        | \$ 1,508,811        | \$ 103,385                            | \$ 220,100         | \$ 1,832,296        |
| Employee benefits         | 111,982             | 7,673                                 | 16,336             | 135,991             |
| Payroll taxes             | 115,156             | 7,891                                 | 16,799             | 139,846             |
| Total personnel expenses  | 1,735,949           | 118,949                               | 253,235            | 2,108,133           |
|                           |                     |                                       |                    |                     |
| Accounting                | 18,744              | 13,282                                | 1,504              | 33,530              |
| Professional services     | 200,623             | 18,468                                | 26,231             | 245,322             |
| Equipment                 | 31,630              | 1,326                                 | 5,119              | 38,075              |
| Advertising and marketing | 10,066              | 2,123                                 | 18,770             | 30,959              |
| Occupancy                 | 89,691              | 22,407                                | 9,588              | 121,686             |
| Printing                  | 28                  | 882                                   | 22,374             | 23,284              |
| Postage                   | 35                  | 288                                   | 3,746              | 4,069               |
| Maintenance               | 51,904              | 5,980                                 | 4,730              | 62,614              |
| Depreciation              | 43,126              | 104,498                               | -                  | 147,624             |
| Board                     | -                   | 63                                    | -                  | 63                  |
| Insurance                 | 61,261              | 4,125                                 | 4,039              | 69,425              |
| In-kind expenses          | 44,433              | 20,395                                | 57,213             | 122,041             |
| Dues and subscriptions    | 1,330               | 505                                   | 9,505              | 11,340              |
| Education and training    | 17,100              | 3,080                                 | 367                | 20,547              |
| Other                     | 1,540               | 786                                   | 2,609              | 4,935               |
| Meals                     | 959                 | 569                                   | 337                | 1,865               |
| Supplies                  | 3,030               | 2,026                                 | 1,342              | 6,398               |
| Educational program       | 3,862               | 2,015                                 | 41,312             | 47,189              |
| Operating                 | 85,213              | 3,363                                 | 617                | 89,193              |
| Travel                    | 9,282               | 3,799                                 | 1,198              | 14,279              |
| Fees                      | -                   | 5,696                                 | 5,230              | 10,926              |
| Special events            | -                   | -                                     | 766                | 766                 |
| Interest expense          | 13                  | 29,210                                | -                  | 29,223              |
| Total                     | <b>\$ 2,409,819</b> | <b>\$ 363,835</b>                     | <b>\$ 469,832</b>  | <b>\$ 3,243,486</b> |

The accompanying notes are an integral part of these financial statements.

**FLORENCE CRITTENTON HOME AND SERVICES  
AND FLORENCE CRITTENTON HOME AND SERVICES FOUNDATION**

**HELENA, MONTANA**

**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2022**

|                           | <b>2022</b>         |                                       |                    |                     |
|---------------------------|---------------------|---------------------------------------|--------------------|---------------------|
|                           | <b>Program</b>      | <b>Management<br/>and<br/>General</b> | <b>Fundraising</b> | <b>Total</b>        |
| Salaries and wages        | \$ 1,128,890        | \$ 431,635                            | \$ 99,608          | \$ 1,660,133        |
| Employee benefits         | 89,596              | 34,258                                | 7,906              | 131,760             |
| Payroll taxes             | 95,816              | 36,636                                | 8,454              | 140,906             |
| Total personnel expenses  | 1,314,302           | 502,529                               | 115,968            | 1,932,799           |
|                           |                     |                                       |                    |                     |
| Accounting                | 27,838              | 4,590                                 | 4,590              | 37,018              |
| Professional services     | 129,122             | 21,291                                | 21,291             | 171,704             |
| Equipment                 | 36,193              | 5,968                                 | 5,968              | 48,129              |
| Advertising and marketing | 5,762               | 950                                   | 950                | 7,662               |
| Occupancy                 | 88,499              | 18,366                                | 14,593             | 121,458             |
| Printing                  | 15,814              | 2,608                                 | 2,608              | 21,030              |
| Postage                   | 2,622               | 433                                   | 433                | 3,488               |
| Maintenance               | 26,010              | 4,289                                 | 4,289              | 34,588              |
| Depreciation              | 73,686              | 5,039                                 | 5,039              | 83,764              |
| Board                     | 257                 | 43                                    | 43                 | 343                 |
| Insurance                 | 46,727              | 7,705                                 | 7,705              | 62,137              |
| In-kind expenses          | 126,710             | 20,894                                | 20,894             | 168,498             |
| Dues and subscriptions    | 10,089              | 1,663                                 | 1,663              | 13,415              |
| Education and training    | 15,832              | 2,610                                 | 2,610              | 21,052              |
| Other                     | 4,506               | 780                                   | 780                | 6,066               |
| Meals                     | 380                 | 62                                    | 62                 | 504                 |
| Supplies                  | 2,930               | 483                                   | 483                | 3,896               |
| Educational program       | 13,067              | 2,154                                 | 2,154              | 17,375              |
| Operating                 | 73,825              | 12,173                                | 12,173             | 98,171              |
| Travel                    | 6,858               | 1,131                                 | 1,131              | 9,120               |
| Fees                      | 10,336              | 4,046                                 | 1,705              | 16,087              |
| Interest expense          | 33,033              | 1,007                                 | 1,007              | 35,047              |
| Total                     | <b>\$ 2,064,398</b> | <b>\$ 620,814</b>                     | <b>\$ 228,139</b>  | <b>\$ 2,913,351</b> |

The accompanying notes are an integral part of these financial statements.

**FLORENCE CRITTENTON HOME AND SERVICES  
AND FLORENCE CRITTENTON HOME AND SERVICES FOUNDATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2023**

---

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Organization** - Florence Crittenton Home and Services (Home) provides a trauma informed, two generation approach to supporting young families through comprehensive services. Services include residential treatment, transitional living, early home visiting, community parenting education and support, high quality childcare, targeted case management and permanent supportive housing. Programs include more integrated co-occurring treatment for both mental health and substance abuse.

The Florence Crittenton Home and Services Foundation (Foundation) was formed in July 1987, for the purpose of raising funds for future projects and acquiring a building for the Home. The By-Laws of the Home and Foundation were revised at the end of Fiscal Year 2007 to reflect a combined board of the Home and Foundation. Therefore, according to the By-Laws, each Director of the Foundation will be a member of the Board of Trustees of the Florence Crittenton Home and Services, Inc., of Helena.

**Basis of Accounting** - The consolidated financial statements of the Home and Foundation have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States.

**Basis of Consolidation** - For financial reporting purposes, the consolidated financial statements include the accounts of the Florence Crittenton Home and Services and Florence Crittenton Home and Services Foundation. All material intercompany transactions and accounts have been eliminated.

**Use of Estimates** - The preparation of the accompanying consolidated financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires management to make certain estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Estimates and assumptions made by management include, but are not limited to, the allowance for doubtful accounts. Actual results could differ from these estimates.

**Cash and Cash Equivalents** - The Home considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents. There were no cash equivalents for the years ended June 30, 2023 and 2022.

**Patient and Accounts Receivable** - The Home provides an allowance for doubtful accounts when the collectability of the accounts are determined to be impaired. The Home has analyzed accounts receivable at June 30, 2023 and 2022 and determined that an allowance of \$146 and \$13,965, respectively, was necessary. Bad debt expense of \$(8,590) and \$9,185 is reflected as an offset to service fees in the years ended June 30, 2023 and 2022, respectively.

**Patient Service Fees** - The Home has agreements with third-party payors that provide for reimbursement to the Home at amounts different from its established rates. Net treatment fee revenue is reported at the estimated net realizable amounts from patients, third-party payors,

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and others for services rendered. Services rendered to Medicaid patients are reimbursed at scheduled rates. Services rendered to insurance subscribers are reimbursed at billed charges less any contractual discounts and patient responsibility.

**Donated Materials** - Donated materials are reflected as contributions at their estimated value at date of receipt and are recorded as in-kind expenses for Home operations for the years ending June 30, 2023 and 2022.

The Home and Foundation received \$126,395 and \$1,224,507 in contributions of nonfinancial assets for the year ended June 30, 2023 and 2022, respectively. These nonfinancial contributions include supplies and services. Supplies and services are valued at what it would cost for those supplies or services at the time of donation. Additionally, during the fiscal year ended June 30, 2022, the Home and Foundation received a donation of part of the value of a building. See more information on this donation in note 7.

**Investments** - The Foundation carries investments in marketable securities with readily determined fair values and all investments in debt securities at their fair values in the consolidated statements of financial position. Quoted market prices in active markets are used as the basis of measurement. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities and changes in net assets.

Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Investments are generally recorded at fair value based upon quoted market prices, when available, or estimates of fair value. Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of the value at the date of donation). Those investments for which fair value is not readily determinable are carried at cost or, if donated, at fair value at the date of donation, or if no value can be estimated, at a nominal value. Investment income or loss and unrealized gains or losses are included in the consolidated statements of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

**Planned Gift Liabilities** - Various planned giving instruments commit the Foundation to future payments to designated beneficiaries as part of the contribution. The following summarizes the types of planned giving instruments and associated liabilities carried by the Foundation:

Charitable and Deferred Gift Annuities: Charitable gift annuities require annual payments at a fixed rate specified in the contract to a designated beneficiary over the beneficiary's lifetime, with payments commencing upon contribution. The payment is based on the value of the assets at the date of donation. Deferred gift annuities are

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similar but delay the start of annual payments to a future date. The financial statements include a liability representing the present value of the payments required by those contracts over the beneficiaries' expected lives as determined by IRS mortality tables.

**Property, Equipment and Depreciation** - Property and equipment are capitalized at cost or, if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset. The Home and Foundation capitalizes property and equipment with a value greater than or equal to \$1,500 and a useful life of greater than one year.

The Home and Foundation reports gifts of property and equipment as support without restriction unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Home reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**Recognition of Donor Restrictions** - The Home and Foundation report gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions. Restrictions met within the same fiscal period as the donation are reported as without donor restrictions.

**Advertising and Promotion** - Advertising and promotion costs are charged to operations when incurred. Advertising and promotion expense was \$30,959 and \$7,662 for the years ended June 30, 2023 and 2022, respectively.

**Income Taxes** - The Home and Foundation are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Home and Foundation's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Home and Foundation qualify for the charitable contribution deduction under Section 170(b)(1)(A) and have been classified as organizations that are not private foundations.

Penalties and interest assessed by income taxing authorities are included in management and general expenses, if applicable. The Home and Foundation have no interest and penalties related to income taxes for the years ended June 30, 2023 and 2022. The Home and Foundation's federal and state returns are subject to examination generally for three years after they are filed.

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**New Accounting Pronouncements** - In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842). This ASU provides guidance on the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous accounting standards and new disclosures on key information about leasing arrangements. The new standard supersedes current lease accounting requirements in FASB Accounting Standards Codification (ASC) Topic 840, Leases. The Home and Foundation implemented this ASU during the year ended June 30, 2023. The Home and Foundation retrospectively applied this standard to the beginning of the period of adoption. As of July 1, 2022, the Home and Foundation's only lease was for storage space, which is not considered material and thus was not capitalized, so the implementation of this standard did not affect net assets previously reported.

The Home and Foundation implemented ASU 2020-10, *Codification Improvements* during the year ended June 30, 2023. This new standard made several incremental improvements to the generally accepted accounting principles. The implementation of this standard did not affect net assets previously reported.

The Home and Foundation implemented ASU 2020-07, *Not-for-Profit Entities* (Topic 958) during the year ended June 30, 2023. This new standard requires the presentation of contribution nonfinancial assets as a separate line item in the statement of activities. The implementation of this standard did not affect net assets previously reported.

**Upcoming Accounting Standards Update** – In June of 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326), which is effective for fiscal years beginning after December 15, 2022. This ASU changes the allowance for credit losses accounting model by requiring recognition of management's estimates of current expected credit losses (CECL). The new model is applicable to all financial instruments thereby bringing consistency in accounting treatment across different types of financial instruments and requiring consideration of a broader range of variables when forming loss estimates. This standard broadens the information that an entity must consider in developing its expected credit loss estimate for assets measured either collectively or individually. A CECL analysis must reflect the nature of the credit portfolio and the economic environment, as they exist at the specific reporting date. Although measurement under the new methodology is based on relevant information about past events, including historical experience, now management also must consider current conditions and a broader range of reasonable and supportable information to make credit loss estimates for certain financial assets.

### **Revenue Recognition**

Patient Service Fees, Fee for Services, and Agency Contracts - Patient service fees, fee for services, and agency contracts are reported at the amount that reflects the consideration to which the Home expects to be entitled in exchange for providing patient care. These amounts are due from patients or third-party payors. Generally, the Home bills the patients and third-party payors several days after the services are performed. Revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided. For revenue from services provided to patients of the Home,

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the performance obligation is satisfied as the patient simultaneously receives and consumes the benefits provided as the patient services are performed. In the case of these services, recognition of the obligation over time yields the same result as recognizing the obligation at a point in time. The Home believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

The Home determines the transaction price, which involves significant estimates and judgment, based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors. The Home determines its estimates of contractual adjustments based on contractual agreements and historical experience.

Contribution Revenue - Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. As of June 30, 2023 and 2022, the Home and Foundation had \$63,500 and \$63,500 of conditional promises to give that have not been recorded in these financial statements, respectively.

Unconditional contributions are recognized as revenue when received. Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of net activities and changes in net assets as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Grant Revenue - Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

Grant Awards That Are Contributions - Grant awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award letter is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.



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Grant Awards That Are Exchange Transactions - Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

**Functional Expenses** - Expenses connected with providing the various programs and other activities are allocated on a functional basis in the statement of activities. Joint costs, which include fund-raising costs include salaries and benefits, which have been allocated based on an estimate of employee time spent on each function. Other joint costs have been allocated based on an estimate of benefit provided to each function.

**Risks and Uncertainties** - Beginning in March 2020, the United States economy began suffering adverse effects from the COVID 19 Virus Crisis ("CV19 Crisis"). As of the date of issuance of the financial statements, the Home and Foundation have seen some adverse impacts of the CV19 Crisis in the form of decreased activity in their programs and increased costs in wages to support the youth during the school closures. The future impact of the CV19 Crisis on the Home and Foundation cannot be reasonably estimated at this time.

**Reclassifications** - Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

**NOTE 2: PATIENT SERVICE REVENUE - NET OF CONTRACTUAL AND BAD DEBT:**

The following table sets forth the detail of patient service revenue - net of contractual and bad debts for the years ended June 30:

|   | 6/30/23    | 6/30/22    |
|---|------------|------------|
| Gross patient service revenue                             | \$ 499,357 | \$ 148,749 |
| Adjustments - contractual allowances and bad debt         | 11,678     | (34,393)   |
| Patient service revenue - net of contractual and bad debt | \$ 511,035 | \$ 114,356 |

100% of gross patient service revenue is from Medicaid revenues.

**NOTE 3: CONCENTRATION OF CREDIT RISK:**

The Home and Foundation maintain cash balances at financial institutions where the accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. The Home and Foundation use a combination of interest bearing and non-interest bearing accounts

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at their bank. At certain times during the year, cash balances may be in excess of FDIC coverage. As of June 30, 2023 and 2022, the Home and Foundation had \$298,214 and \$127,491 in excess of FDIC coverage. The Home and Foundation have not experienced any losses in such accounts, and believes they are not exposed to any significant credit risk on cash.

**NOTE 4: INVESTMENTS:**

Investments at June 30, 2023 and 2022, and related returns for the years then ended consisted of the following:

|                         | 6/30/23           |                   | 6/30/22           |                   |
|-------------------------|-------------------|-------------------|-------------------|-------------------|
|                         | Cost              | Market            | Cost              | Market            |
| Equity securities       | \$ 17,959         | \$ 38,794         | \$ 22,448         | \$ 34,180         |
| Mutual funds            | 231,081           | 247,260           | 484,351           | 464,826           |
| Exchange-traded funds   | 57,016            | 69,390            | 58,876            | 67,033            |
| Certificates of deposit | 175,000           | 173,708           | -                 | -                 |
| Corporate bonds         | 74,132            | 74,077            | -                 | -                 |
| Total                   | <b>\$ 555,188</b> | <b>\$ 603,229</b> | <b>\$ 565,675</b> | <b>\$ 566,039</b> |

Gross unrealized gains (losses) for the years ended June 30, 2023 and 2022 were \$47,677 and \$(153,785), respectively. Gross realized gains/(losses) for the years ended June 30, 2023 and 2022 were \$(4,493) and \$9,747, respectively. The cost of securities sold is determined using the specific identification method.

Investment Return, Net for the year ended June 30, 2023 and 2022 consists of:

|                          | 2023             | 2022                |
|--------------------------|------------------|---------------------|
| Interest & Dividends     | \$ 17,818        | \$ 41,727           |
| Realized Gains(Losses)   | (4,493)          | 9,747               |
| Unrealized Gains(Losses) | 47,677           | (153,785)           |
| Fees                     | (6,256)          | (2,546)             |
|                          | <b>\$ 54,746</b> | <b>\$ (104,857)</b> |

Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with various investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported on the consolidated financial statements.

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**NOTE 5: FAIR VALUE MEASUREMENTS:**

The following is a description of the valuation methodologies used for assets measured at fair value.

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Home and Foundation have the ability to access, and where transactions occur within.

Level 2 Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active markets;  
Quoted prices for identical or similar assets or liabilities in inactive markets;

Inputs, other than quoted prices, that are observable for the asset or liability;  
Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology reflect management's assumptions about significant unobservable inputs that market participants would use in pricing the asset or liability.

Quoted market prices are used to determine the fair value of investments in publicly traded equity securities (common and preferred stock). Money market funds, equity funds, and fixed income funds are valued using quotes from pricing vendors based on recent trading activity and other observable market data.

*Equity Securities* - Equity securities with a readily determinable fair value are measured at fair value on a recurring basis. The fair value measurement of equity securities with a readily determinable fair value are based on the quoted price of the security and are considered a Level 1 fair value measurement. Equity securities without a readily determinable fair value are measured at fair value on a nonrecurring basis when transaction prices for identical or similar securities are identified. Fair value measurements on equity securities without a readily determinable fair value are generally considered a Level 2 fair value measurement.

*Mutual Funds* - Valued at the daily closing price as reported by the fund or market the security is based on. Mutual funds held by the Organization are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded. The fair value measurement of mutual funds with a readily determinable fair value are based on the quoted price of the funds and are considered a Level 1 fair value measurement.

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*Exchange-traded Funds* – Exchange-traded funds with a readily determinable fair value are measured at fair value on a recurring basis. The fair value measurement of exchange-traded funds with a readily determinable fair value are based on the quoted price of the funds and are considered a Level 1 fair value measurement.

*Certificates of Deposit* - Certificates of deposit are reported at fair value on a recurring basis determined by reference to quoted prices for similar investments, yield curves, and other relevant information generated by market transactions and are considered a Level 2 fair value measurement

*Corporate Bonds* – Corporate bonds are reported at fair value on a recurring basis determined by reference to quoted prices for similar investments, yield curves, and other relevant information generated by market transactions and are considered a Level 2 fair value measurement.

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

The following tables present the balances of assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy:

| <b>June 30, 2023</b>    | <b>Level 1</b>    | <b>Level 2</b>    | <b>Level 3</b> | <b>Total</b>      |
|-------------------------|-------------------|-------------------|----------------|-------------------|
| Equity securities       | \$ 38,794         | \$ -              | \$ -           | \$ 38,794         |
| Mutual funds            | 247,260           | -                 | -              | 247,260           |
| Exchange-traded funds   | 69,390            | -                 | -              | 69,390            |
| Certificates of deposit | -                 | 173,708           | -              | 173,708           |
| Corporate bonds         | -                 | 74,077            | -              | 74,077            |
| Total Investments       | <u>\$ 355,444</u> | <u>\$ 247,785</u> | <u>\$ -</u>    | <u>\$ 603,229</u> |

| <b>June 30, 2022</b>  | <b>Level 1</b>    | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>      |
|-----------------------|-------------------|----------------|----------------|-------------------|
| Equity securities     | \$ 34,180         | \$ -           | \$ -           | \$ 34,180         |
| Mutual funds          | 464,826           | -              | -              | 464,826           |
| Exchange-traded funds | 67,033            | -              | -              | 67,033            |
| Total Investments     | <u>\$ 566,039</u> | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ 566,039</u> |

There were no assets or liabilities measured at fair value on a nonrecurring basis as of June 30, 2023 and 2022.

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**NOTE 6: LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES:**

Florence Crittenton Home and Services has \$1,348,396 of financial assets available within one year of the statement of financial position date consisting of cash of \$643,197, grants receivable of \$101,970, and investments of \$603,229. The investments include permanently endowed donor restrictions of \$252,575 that make them unavailable for general expenditure within one year of the statement of financial position date (see note 15). The Home and Foundation has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 30 days of normal operating expenses, which are, on average, approximately \$235,000. As more fully described in Note 10, the Home and Foundation also has a committed line of credit in the amount of \$121,209, which it could draw upon in the event of an unanticipated liquidity need.

**NOTE 7: PROPERTY AND EQUIPMENT:**

A summary of property and equipment is as follows as of June 30:

|                                     | 6/30/23      | 6/30/22      |
|-------------------------------------|--------------|--------------|
| Land and land improvements          | \$ 62,561    | \$ 62,561    |
| Construction in Progress            | 727,822      | 104,406      |
| Buildings and building improvements | 5,273,938    | 5,273,938    |
| Vehicles                            | 106,900      | 106,900      |
| Computer equipment and software     | 1,758        | 1,758        |
| Furniture and office equipment      | 172,689      | 172,689      |
|                                     | 6,345,668    | 5,722,252    |
| Accumulated depreciation            | (1,644,764)  | (1,497,139)  |
| Net property and equipment          | \$ 4,700,904 | \$ 4,225,113 |

During the fiscal year ended June 30, 2022, the Home and Foundation purchased the Cooney Building for \$2,500,000 in total consideration. At the time of the sale, the building had a fair market value of \$3,525,000, which was determined through an appraisal. The difference of \$1,025,000 was an in-kind donation to the Home and Foundation and is included as in-kind contributions in the consolidated statement of activities.

**NOTE 8: PLANNED GIFT LIABILITIES:**

The liability for each type of planned gift changes each year with receipt of new gifts, payments under contracts, change in trust asset values, and the change in the present value of required payments to beneficiaries. The present value of the future payments over the beneficiaries' estimated remaining lives was calculated using the original discount rates at the date of the gift and applicable mortality tables.

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The following table summarizes the change in planned gift liabilities:

|  | <b>6/30/23</b>  | <b>6/30/22</b>  |
|--|-----------------|-----------------|
| Estimated beginning present value of liability | \$ 1,821        | \$ 1,821        |
| Gain on investments                            | 248             | 248             |
| Estimated ending present value of liability    | <b>\$ 2,069</b> | <b>\$ 2,069</b> |

**NOTE 9: LINE OF CREDIT:**

The Home maintains a line of credit with First Interstate Bank in the amount of \$121,209 with interest of 9.25%. The line of credit matures July 26, 2023. The line of credit is collateralized by all machinery, equipment, furniture, fixtures, receivables and inventory. The line of credit had balances of \$115,920 and \$116,531 as of June 30, 2023 and 2022, respectively.

Subsequent to June 30, 2023, the Home obtained a loan from the Foundation in order to re-finance this line of credit on a long-term basis. This new loan has an interest rate of 4.50% and requires payments of \$440 per month through November 2028. Due to the existence of this new agreement, the line of credit balance has been included with long-term liabilities in the consolidated statements of financial position as of June 30, 2023.

**NOTE 10: DEBT:**

Long-term debt as of June 30, 2023 and 2022 consists of the following:

|  | <b>6/30/23</b>    | <b>6/30/22</b>    |
|--|-------------------|-------------------|
| Note payable to First Interstate Bank, payable in 16 interest only payments due monthly through August 2023 and a balloon payment of the outstanding balance due on August 10, 2023, with an interest rate of 4.00% per annum. This note is unsecured. | \$ 443,285        | \$ 509,623        |
| Less: Current Portion  | -                 | -                 |
| Long-Term Debt   | <b>\$ 443,285</b> | <b>\$ 509,623</b> |

Current maturities of long-term debt are as follows:

| <b><u>June 30,</u></b> |                   |
|------------------------|-------------------|
| 2024                   | \$ 443,285        |
| 2025                   | -                 |
| 2026                   | -                 |
| 2027                   | -                 |
| 2028                   | -                 |
| Total                  | <b>\$ 443,285</b> |

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Subsequent to June 30, 2023, the Home obtained a loan from the Foundation in order to re-finance this debt on a long-term basis. This new loan has an interest rate of 4.50% and requires payments of \$1,662 per month through November 2028. Due to the existence of this new agreement, the debt balance has been included with long-term liabilities in the consolidated statements of financial position as of June 30, 2023.

**NOTE 11: NET ASSETS WITH DONOR RESTRICTIONS:**

Net assets with donor restrictions due to a temporary restriction result from contributions whose use is restricted for the purpose intended by the donor. Net assets with temporary donor-imposed restrictions consist of the following:

|                                | <u>6/30/23</u>      | <u>6/30/22</u>      |
|--------------------------------|---------------------|---------------------|
| Program and Operations Related | \$ 191,737          | \$ 357,938          |
| Building Campaign              | 1,580,830           | 794,929             |
| Total temporarily restricted   | <u>\$ 1,772,567</u> | <u>\$ 1,152,867</u> |

Assets released from restriction due to fulfillment of donor-imposed stipulations during the years ending June 30, 2023 and 2022 include:

|  | <u>6/30/23</u>    | <u>6/30/22</u>    |
|--|-------------------|-------------------|
| Program and Operations Related         | \$ 299,116        | \$ 114,793        |
| Building Campaign                      | -                 | -                 |
| Total assets released from restriction | <u>\$ 299,116</u> | <u>\$ 114,793</u> |

Net assets with permanent donor-imposed restrictions result from contributions whose use is restricted by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled by actions of the Organization.

Net assets with permanent donor-imposed restrictions for the Foundation were \$252,575 and \$201,505 as of June 30, 2023 and 2022, respectively. The earnings on these funds are to be used for the operations of the Organization.

**NOTE 12: LEASES:**

*As Lessee:*

The Home has a leased space used for community services that was initiated on December 1, 2014. Rental payments are \$1,630 per month with an option to renew for an additional term. This lease was extended through August 30, 2021 at which point it was not renewed.

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The Home has leased office space that was initiated on February 7, 2019 and was extended through July 31, 2021. Rental payments are \$4,200 per month. This lease was not renewed.

The Home has a leased space used for community services that was initiated on August 1, 2021. Rental payments are \$7,357 per month with an option to purchase the building. This property at 3404 Cooney Drive was purchased on December 10, 2021.

Rent expense totaled \$7,467 and \$39,210 for the fiscal years ended June 30, 2023 and 2022, respectively.

*As Lessor:*

During the fiscal years ended June 30, 2023 and 2022, the Home leased extra office space to various lessors. All leases, except for one, expired before June 30, 2023. The one remaining lease calls for payments of \$250 per month through July 2024, after which it becomes a month-to-month lease.

Rent income totaled \$51,776 and \$11,778 for the fiscal years ended June 30, 2023 and 2022, respectively.

**NOTE 13: RETIREMENT PLAN:**

During the year ended June 30, 2016, the Home entered into a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers full-time employees of the Home. The Home matches contributions of up to 3% of gross salaries to the plan for qualified employees. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. Plan expenses were \$14,533 and \$14,538 for the years ended June 30, 2023 and 2022, respectively.

**NOTE 14: RELATED PARTIES:**

During the years ended June 30, 2023 and 2022, the Home incurred rent to the Foundation for the use of the building in the amount of \$75,000, which was forgiven in full as an in-kind donation from the Foundation in both 2023 and 2022. The in-kind amount is the estimated fair value of rent income and expense that would have been received by the Foundation and paid by the Home.

During the year ended June 30, 2023, the Foundation incurred rent of \$2,400, software cost of \$2,052, supplies of \$400, accounting costs of \$8,100, and staffing costs of \$33,273 to the Home for support, which was forgiven in full as an in-kind donation from the Home in both 2023. The in-kind amount is the estimated fair value of the rent, supplies and services income that would have been received by the Home and paid by the Foundation.



**FLORENCE CRITTENTON HOME AND SERVICES  
AND FLORENCE CRITTENTON HOME AND SERVICES FOUNDATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2023**

During the years ended June 30, 2023 and 2022, the Foundation had no transferred funds to the Home for its adoption trust fund.

All intercompany transactions have been eliminated in the consolidated financial statements.

**NOTE 15: ENDOWMENT FUNDS:**

The Board of Trustees has interpreted Montana's adoption of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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. The Foundation classifies as net assets with permanent donor-imposed 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 funds in excess of the original fair value that is not classified in net assets with permanent donor-imposed restrictions are classified as net assets with temporary donor-imposed restrictions until those amounts are appropriated for expenditure by the Home or Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

Endowment net asset composition by type of fund is as follows:

|                                     | <u>With Donor<br/>Restrictions-<br/>Temporary</u> | <u>With Donor<br/>Restrictions-<br/>Permanent</u> | <u>Total</u>      |
|-------------------------------------|---|---|-------------------|
| Endowment net assets, June 30, 2021 | \$ -  | \$ 201,505  | \$ 201,505        |
| Investment return:                  |   |   |                   |
| Investment income                   | 41,546  | -   | 41,546            |
| Total investment return             | <u>41,546</u>                                     | <u>-</u>  | <u>41,546</u>     |
| Appropriation for expenditure       | <u>(41,546)</u>                                   | <u>-</u>  | <u>(41,546)</u>   |
| Endowment net assets, June 30, 2022 | <u>-</u>  | <u>201,505</u>                                    | <u>201,505</u>    |
| Investment return:                  |   |   |                   |
| Contributions to Endowment          | -   | 51,070  | 51,070            |
| Investment income                   | 15,598  | -   | 15,598            |
| Total investment return             | <u>15,598</u>                                     | <u>51,070</u>                                     | <u>66,668</u>     |
| Appropriation for expenditure       | <u>(15,598)</u>                                   | <u>-</u>  | <u>(15,598)</u>   |
| Endowment net assets, June 30, 2023 | <u>\$ -</u>                                       | <u>\$ 252,575</u>                                 | <u>\$ 252,575</u> |

**FLORENCE CRITTENTON HOME AND SERVICES  
AND FLORENCE CRITTENTON HOME AND SERVICES FOUNDATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**Funds with Deficiencies** - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Home and Foundation to retain as a fund of perpetual duration.

**Return Objectives and Risk Parameters** - The Home and Foundation have adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Home and Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds.

Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to preserve endowment capital, and to provide a minimum annual target rate of return of at least inflation, plus the Foundation's spending policy, plus a real rate of return net of fees. The Home and Foundation expects the endowment funds, over time, to provide a reasonable current rate of return.

**Spending Policy** – The liquidity requirement for the endowment account is a 4% annual distribution, based on a 3-year rolling average, which is calculated at the end of each fiscal year.

**Strategies Employed for Achieving Objectives** - To satisfy its long-term rate-of-return objectives, the Home and Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). The Home and Foundation target a diversified asset allocation including cash equivalents, fixed income, and equity securities to achieve its long-term return objectives within prudent risk constraints.

**NOTE 16: CONCENTRATIONS:**

The Home has several contracts with the Montana State Department of Public Health and Human Services Child and Family Services Division. The contract terms are generally annual or bi-annual. The revenue generated by the contracts comprised 27% and 12% of the total revenues and support of the Home and Foundation for the years ending June 30, 2023 and 2022, respectively. The related receivable amounts for the contracts were 72% and 54% of the total grants receivable for the years ended June 30, 2023 and 2022, respectively. The contract may be terminated at any time upon the written notice of either party. This concentration makes the Home vulnerable to the risk of near-term severe impact if the contract were terminated or other party is otherwise not able to perform.

**FLORENCE CRITTENTON HOME AND SERVICES  
AND FLORENCE CRITTENTON HOME AND SERVICES FOUNDATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 17: SUBSEQUENT EVENTS:**

In accordance with ASC 855, Management has evaluated all subsequent events through April 23, 2024, which is the date the financial statements were available to be issued. Significant subsequent events are as follows:

- Renovation continues on the Cooney Campus. This renovation started in May 2023 and is anticipated to run through the second quarter of fiscal year 2024. The estimated cost is approximately \$7 million. This project is being funded through a combination of federal and state grants, private foundation grants, as well as private individual and corporate donations. These efforts are separate of normal fundraising and is not expected to affect general operations.
  - Florence Crittenton has secured a Childcare Innovation Grant from the state of Montana's ARPA funds in the amount of \$996,200. Of that amount, \$835,000 will be used for renovation of the ground floor of the Cooney building, with the remaining amount being used for operations from 9/1/2022 – 12/31/2024.
  - Florence Crittenton received a HUD HOME grant through the Montana Department of Commerce for \$1.28 million for the renovation of the second floor for residential services. The Home has also applied for a CDBG – Economic Development grant for \$525,000.
- The Foundation sold the Harris facility for \$2.483 million in October 2023. However, the residential services will remain at Harris until renovation is complete at the Cooney campus. The Foundation will be paying the lease back during this time.
  - The Foundation will pay the amount due from the Foundation to Homes & Services in the amount of \$67,000 in October 2023.
  - The Foundation has assisted Homes & Services in paying off bank loans at First Interstate Bank for the line of credit and building loan. The Homes & Services will now hold loans with the Foundation instead of the bank for these loans, as the Foundation was able to offer a lower interest rate.
  - The remaining funds from the proceeds of the sale are being held in a money market account for the next 8 months, at which time the Foundation board will determine timing of moving these funds to the endowment.
- Florence Crittenton will be working with Alliant Group to recover potential monetary funds from the Employee Tax Credit during the Covid pandemic. The Home anticipate submitting an application with the program re-opens.

**FLORENCE CRITTENTON HOME AND SERVICES  
AND FLORENCE CRITTENTON HOME AND SERVICES FOUNDATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2023**

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- Florence Crittenton continues to make efforts of recovery since the pandemic, including re-opening the Youth Maternity Home in October 2023, as well as expanding the outpatient clinical services. This will allow the Home to serve more clients and achieve better financial stability.
- Florence Crittenton received notification the Home has received a grant from the state for TANF funds. At the time of report issuance, the Home is not sure of the amount, but anticipates it will be around \$120,000/year for residential services.

**FLORENCE CRITTENTON HOME AND SERVICES  
FLORENCE CRITTENTON HOME AND SERVICES FOUNDATION**

**HELENA, MONTANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023**

| <u>Federal Grantor/Pass Through Grantor/Program Title</u>                             | <u>Assistance<br/>Listing<br/>Number</u> | <u>Agency or<br/>Pass Through<br/>Number</u> | <u>Federal<br/>Expenditures</u> |
|---|--|--|---------------------------------|
| <b>U. S. Department of Health and Human Services</b>                                  |  |  |                                 |
| Passthrough from the State of Montana, Department of Public Health and Human Services |  |  |                                 |
| Child Care and Development Fund (CCDF) Cluster  |  |  |                                 |
| Child Care and Development Block Grant  | 93.575                                   | 23-25-8-51-820-0                             | \$ 297,001                      |
| Total CCDF Cluster  |  |  | <u>297,001</u>                  |
|   |  |  |                                 |
| Passthrough from the State of Montana, Department of Public Health and Human Services |  |  |                                 |
| SAMHSA State Pilot Grant Program  | 93.243                                   | 21-105-74502-0                               | <u>135,304</u>                  |
|   |  |  |                                 |
| Passthrough from the State of Montana, Department of Public Health and Human Services |  |  |                                 |
| Block Grants for Prevention and Treatment of Substance Abuse                          | 93.959                                   | 21-102-74312-0                               | <u>70,681</u>                   |
|   |  |  |                                 |
| Passthrough from the State of Montana, Department of Public Health and Human Services |  |  |                                 |
| Maternal, Infant and Early Childhood Home Visiting (MIECHV) Grant Program             |  |  |                                 |
|   | 93.870                                   | 22-25-8-41-172-0                             | 4,991                           |
|   | 93.870                                   | 23-25-5-41-172-0                             | <u>178,027</u>                  |
| Total MIECHV Program  |  |  | <u>183,018</u>                  |
| Total U.S. Department of Health and Human Services                                    |  |  | <u>686,004</u>                  |
| <b>U. S. Department of Justice</b>  |  |  |                                 |
| Passthrough from the State of Montana   |  |  |                                 |
| Board of Crime Control  |  |  |                                 |
| Victim Services for Pregnant & Parenting Youth and Children                           | 16.575                                   | V01-784                                      | <u>130,416</u>                  |
| Total U.S. Department of Justice  |  |  | <u>130,416</u>                  |
| Total Expenditures of Federal Awards  |  |  | <u><u>\$ 816,420</u></u>        |

The accompanying notes are an integral part of this schedule.

FLORENCE CRITTENTON HOME AND SERVICES  
AND FLORENCE CRITTENTON HOME AND SERVICES FOUNDATION

HELENA, MONTANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023

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**NOTE 1: BASIS OF PRESENTATION:**

This Schedule of Expenditures of Federal Awards includes the federal grant activity of the entity and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Uniform Guidance Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**NOTE 2: INDIRECT COST RATE:**

The Organization has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



Certified Public Accountants  
Since 1913

**Douglas WILSON**  
and Company, PC

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Myra L. Bakke, CPA  
Melissa H. Soldano, CPA  
Katherine A. Durbin, CPA

Board of Trustees  
Florence Crittenton Home and Services and  
Florence Crittenton Home and Services Foundation  
Helena, Montana

**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**

We have audited, 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, the financial statements of Florence Crittenton Home and Services (the "Home") Florence Crittenton Home and Services Foundation (the "Foundation"), a nonprofit organization, which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities and changes in net assets, consolidated cash flows, and consolidated functional expenses for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 23, 2024.

**Report on Internal Control over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs we did identify certain deficiencies in internal control that we consider to be material weaknesses.

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.

We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a material weakness.

### **Report on Compliance and Other Matters**

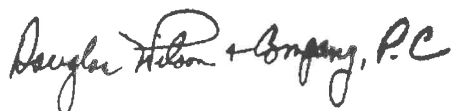
As part of obtaining reasonable assurance about whether the Home and Foundation's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as item 2023-002.

### **Home and Foundation's Response to Findings**

The Home and Foundation's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Home and Foundation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.



Great Falls, Montana  
April 23, 2024





Certified Public Accountants  
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Board of Trustees  
Florence Crittenton Home and Services and  
Florence Crittenton Home and Services Foundation  
Helena, Montana

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

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

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

We have audited Florence Crittenton Home and Services 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 Florence Crittenton Home and Services major federal programs for the year ended June 30, 2023. Florence Crittenton Home and Services 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, Florence Crittenton Home and Services complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Florence Crittenton Home and Services 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 Florence Crittenton Home and Services' 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 Florence Crittenton Home and Services' 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 Florence Crittenton Home and Services' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, 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 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 Florence Crittenton Home and Services' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Florence Crittenton Home and Services' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Florence Crittenton Home and Services' 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 Florence Crittenton Home and Services' 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**

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

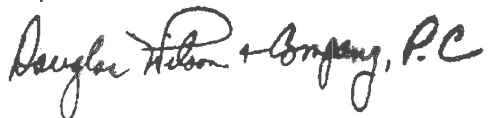
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 to be material weaknesses.

*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 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.

*Government Auditing Standards* requires the auditor to perform limited procedures on Florence Crittenton Home and Services' response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Florence Crittenton Home and Services' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



Great Falls, Montana  
April 23, 2024

**FLORENCE CRITTENTON HOME AND SERVICES  
AND FLORENCE CRITTENTON HOME AND SERVICES FOUNDATION**

**HELENA, MONTANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  Yes  No  
Significant deficiencies identified not considered  
to be material weaknesses?  Yes  None Reported

Noncompliance material to financial statements noted?  Yes  No

Federal Awards:

Internal control over major programs:

Material weakness(es) identified?  Yes  No  
Significant deficiencies identified not considered  
to be material weakness(es)?  Yes  None Reported

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

Any audit findings disclosed that are required to be  
reported in accordance with  
2 CFR 200 section 516?  Yes  No

Identification of major programs:

| <u>Assistance Listing Number(s)</u> | <u>Name of Federal Program or Cluster</u>                   |
|-------------------------------------|---|
| 93.575                              | Child Care and Development Block Grant                      |
| 93.959                              | Block Grant for Prevention and Treatment of Substance Abuse |

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

Auditee qualified as low-risk auditee?  Yes  No

**SECTION II - FINANCIAL STATEMENT FINDINGS**

#2023-001

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

#2023-001 and #2023-002

**FLORENCE CRITTENTON HOME AND SERVICES  
AND FLORENCE CRITTENTON HOME AND SERVICES FOUNDATION**

**HELENA, MONTANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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**FINDING #2023-001**

**Criteria:** In accordance with the Uniform Guidance, 2 CFR 200.510(b), the auditee must prepare the schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements.

**Condition:** The auditee did not finalize the schedule of expenditures of federal awards prior to signing the engagement letter and the start of the audit procedures for the fiscal year July 1, 2022 to June 30, 2023. Additionally, the prepared SEFA included totals representing contractor payments to Florence Crittenton (FCFS), which overstated SEFA total expenditures by \$173,389.

**Context:** Initially, the auditee stated that a single audit was not needed for fiscal year 2022-23, and that expenditures of federal awards was below \$750,000. The audit engagement letter was prepared and signed, which excluded single audit language. During the course of the audit procedures, the SEFA was prepared by the auditee with the assistance of the auditor, and it was determined that the auditee incurred \$816,420 in expenditures of federal awards in fiscal year covering July 1, 2022 to June 30, 2023. Upon the discovery that a single audit was needed for the testing period, the engagement letter was revised, and single audit procedures were completed. During the course of audit procedures for the Single Audit, it was discovered that the state of Montana considered Florence Crittenton to be a non-subrecipient for the stabilization grants under the Child Care and Development Block Grant.

**Effect:** Non-compliance with the Uniform Guidance regarding SEFA preparation.

**Questioned Costs:** There were no questioned costs identified.

**Cause:** Florence Crittenton was not aware that federal expenditures for the fiscal year July 1, 2022 to June 30, 2023 were over \$750,000 until the auditor requested documentation that federal expenditures were under \$750,000.

**Recommendation:** We recommend the organization review all contracts before the end of the fiscal year to ensure all funds received have the appropriate contracts from state and federal awarding entities, and that the organization begin SEFA preparation immediately following the end of the fiscal year to ensure it includes all federal funds expended and is completed prior to the start of audit procedures.

**Organization Response:** Based on the way that the State of Montana has historically written their grant contracts, it has been difficult to decipher if the organization is a subrecipient or a contractor of the state. This was especially true for any contracts funded through Covid-19 CARES and ARPA funds. Additionally, FCFS was unclear if seed funds from the Innovation grant were considered expended or not. This confusion led to a mistake on the initial SEFA worksheet that indicated federal funds fell below \$750,000. Upon further examination by all parties, it was determined that FCFS had in fact expended over \$750,000 in federal funds. FCFS immediately

**FLORENCE CRITTENTON HOME AND SERVICES  
AND FLORENCE CRITTENTON HOME AND SERVICES FOUNDATION**

**HELENA, MONTANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

---

signed an engagement letter for Douglas Wilson to complete the SEFA and has since complied with all testing requirements. To ensure this mistake does not happen again, FCFS designed a corrective action plan that will include confirming subrecipient or contractor status with all contracting agencies. This has already been completed with current contracts for FY24. FCFS has subsequently established additional measures to ensure complete review of all contracts and quarterly reporting of all grant spending, regardless of if it is a federal, state, or private grant.

**FINDING #2023-002**

**U.S. Department of Public Health  
and Human Services  
Child Care and Development Block Grant (CCDBG)  
ALN: 93.575**

**Criteria:** In the CCDBG Innovation grant contract it states: *The Contractor [Florence Crittenton] may not seek compensation from monies payable through this contract for the cost of goods and services that may be or are reimbursed, in whole or in part, from other programs and sources.*

**Condition:** The auditee reported the same payroll costs in this grant as well as in two stabilization grants.

**Context:** The stabilization grants outline that Florence Crittenton will maintain records and submit quarterly expense reports detailing how funds are allocated (used and/or spent). Employee bonuses were counted as eligible costs for reimbursement in the innovation CCDBG grant totaling \$3,700. Additionally, the innovation grant allows for a 5 percent indirect cost counted against direct costs for the month. Therefore, another \$185 was counted as eligible based on the bonus amount. One employee's salaries were counted as eligible costs in the innovation grant, totaling \$9,529. The bonus and salary costs were also included in the quarterly expense reports for the stabilization grants.

**Effect:** Non-compliance with the innovation Child Care and Development Block Grant contract.

**Questioned Costs:** No questioned costs were identified.

**Cause:** Florence Crittenton reported employee bonuses and a portion of employee salaries as eligible costs for two separate contracts.

**Recommendation:** We recommend the organization improve on tracking which federal program funds pay for costs of the organization, in order to prevent duplicate reporting from occurring in the future.

FLORENCE CRITTENTON HOME AND SERVICES  
AND FLORENCE CRITTENTON HOME AND SERVICES FOUNDATION

HELENA, MONTANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023

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**Organization Response:** FCFS disagrees with the inclusion of this finding. In both the **Condition** and the **Effect** of this finding, the Stabilization block grant is referenced as support for the finding. However, per the auditor's expertise, this grant should not be listed as federal funds and should not be used as supporting documentation for a finding on the SEFA. In addition, the Stabilization block grant required agencies to report all programmatic expenditures funded even though only a fraction of those expenditures were reimbursed. The Innovation grant that is noted in the **Context** of finding 2023-002, covers 25% of the CEC director's salary, leaving 75% of her wage to be paid for by other means. Even if the Stabilization funds were included on the SEFA (which would not be the case due to FCFS being a contractor to the state on the grant), Stabilization funds could still cover up to 75% of the director's salary and not be considered double reporting. The Stabilization grant was part of ARPA funding by the state to help organizations regain their footing post Covid. The regulations on expenditure were extremely vague and ill-defined, and reporting requirements were almost nonexistent until much later in the granting period. Only after two payments had been received did the reporting requirements come out. Reporting required FCFS to report all expenditures in the program during the previous grant periods.

**FLORENCE CRITTENTON HOME AND SERVICES  
AND FLORENCE CRITTENTON HOME AND SERVICES FOUNDATION**

**HELENA, MONTANA**

**STATUS OF PRIOR YEAR'S RECOMMENDATIONS  
FOR THE YEAR ENDED JUNE 30, 2023**

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**FINDING #2022-001**

**U.S. Department of Public Health  
and Human Services  
Maternal, Infant and Early Childhood Home  
Visiting Grant Program  
ALN: 93.870**

The auditee must prepare the schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. In accordance with the Uniform Guidance, 2 CFR 200.510(b), the SEFA must include the total amount of federal awards expended. Our audit identified a significant deficiency in controls over financial reporting over the preparation of the SEFA, which is supplemental information. The information for the Maternal, Infant and Early Childhood Home Visiting Grant program was omitted from the SEFA. The terms of this grant program allowed the auditee to draw down on \$163,711.08 of available funds from October 1, 2021, through September 30, 2022, from the Montana Department of Health and Human Services. The total amount reported as spent during the audit period was \$3,431. This omission was corrected and this program is reflected in the SEFA.

We recommend the organization strengthen internal controls for tracking federal expenditures to ensure completeness over the preparation of the SEFA.

**Status:** Not implemented, see finding #2023-001

**FINDING #2022-002**

The books of the Home and Foundation required several adjustments that were considered material in the aggregate. Without these adjustments the financial statements would be materially misstated. Management has made appropriate adjustments to the accounting records to correct the errors noted above. These issues and adjustments occurred because the books of the Home and Foundation were not properly closed and prepared for undergoing an audit.

We recommend that all balance sheet accounts are reconciled and reviewed for proper classification, and that all income statement accounts are reviewed for proper classification by appropriate personnel prior to the commencement of the annual audit, which may assist in uncovering issues prior to audit procedures being completed.

**Status:** Implemented



**FLORENCE CRITTENTON HOME AND SERVICES  
AND FLORENCE CRITTENTON HOME AND SERVICES FOUNDATION**

**HELENA, MONTANA**

**CONSOLIDATING STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2023**

|  | <b>CONSOLIDATING INFORMATION</b> |                            |                           | <b>2023</b>                |
|--|----------------------------------|----------------------------|---------------------------|----------------------------|
|  | <b>HOME</b>                      | <b>FOUNDATION</b>          | <b>ELIMINATIONS</b>       | <b>TOTAL</b>               |
| <b>ASSETS</b>                          |                                  |                            |                           |                            |
| Current assets                         |                                  |                            |                           |                            |
| Cash                                   | \$ 557,706                       | \$ 85,491                  | \$ -                      | \$ 643,197                 |
| Patient and accounts receivable - net  | 1,308                            | -                          | -                         | 1,308                      |
| Due from related party                 | 67,717                           | -                          | (67,717)                  | -                          |
| Grants receivable                      | 101,970                          | -                          | -                         | 101,970                    |
| Prepaid expenses and other             | 2,874                            | -                          | -                         | 2,874                      |
| Total current assets                   | <u>731,575</u>                   | <u>85,491</u>              | <u>(67,717)</u>           | <u>749,349</u>             |
| Net property and equipment             | <u>4,171,809</u>                 | <u>529,095</u>             | <u>-</u>                  | <u>4,700,904</u>           |
| Other assets                           |                                  |                            |                           |                            |
| Investments                            | -                                | 603,229                    | -                         | 603,229                    |
| Cash surrender value of life insurance | 76,992                           | -                          | -                         | 76,992                     |
| Total other assets                     | <u>76,992</u>                    | <u>603,229</u>             | <u>-</u>                  | <u>680,221</u>             |
| Total assets                           | <u><b>\$ 4,980,376</b></u>       | <u><b>\$ 1,217,815</b></u> | <u><b>\$ (67,717)</b></u> | <u><b>\$ 6,130,474</b></u> |
| <b>LIABILITIES AND NET ASSETS</b>      |                                  |                            |                           |                            |
| Current liabilities                    |                                  |                            |                           |                            |
| Accounts payable and accrued expenses  | \$ 190,420                       | \$ 5,100                   | \$ -                      | \$ 195,520                 |
| Due to related party                   | -                                | 67,717                     | (67,717)                  | -                          |
| Accrued salaries                       | 39,887                           | -                          | -                         | 39,887                     |
| Accrued payroll taxes and benefits     | 4,566                            | -                          | -                         | 4,566                      |
| Accrued vacation                       | 59,522                           | -                          | -                         | 59,522                     |
| Planned gift liability                 | -                                | 2,069                      | -                         | 2,069                      |
| Refundable advance liability           | 6,281                            | -                          | -                         | 6,281                      |
| Total current liabilities              | <u>300,676</u>                   | <u>74,886</u>              | <u>(67,717)</u>           | <u>307,845</u>             |
| Long-term liabilities                  |                                  |                            |                           |                            |
| Line of credit                         | 115,920                          | -                          | -                         | 115,920                    |
| Note Payable                           | 443,285                          | -                          | -                         | 443,285                    |
| Total long-term liabilities            | <u>559,205</u>                   | <u>-</u>                   | <u>-</u>                  | <u>559,205</u>             |
| Total liabilities                      | <u>859,881</u>                   | <u>74,886</u>              | <u>(67,717)</u>           | <u>867,050</u>             |
| Net assets                             |                                  |                            |                           |                            |
| Without donor restrictions             | 2,347,928                        | 890,354                    | -                         | 3,238,282                  |
| With donor restrictions                | 1,772,567                        | 252,575                    | -                         | 2,025,142                  |
| Total net assets                       | <u>4,120,495</u>                 | <u>1,142,929</u>           | <u>-</u>                  | <u>5,263,424</u>           |
| Liabilities and Net Assets             | <u><b>\$ 4,980,376</b></u>       | <u><b>\$ 1,217,815</b></u> | <u><b>\$ (67,717)</b></u> | <u><b>\$ 6,130,474</b></u> |

The accompanying notes are an integral part of these financial statements.

**FLORENCE CRITTENTON HOME AND SERVICES  
AND FLORENCE CRITTENTON HOME AND SERVICES FOUNDATION**

**HELENA, MONTANA**

**CONSOLIDATING STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2022**

|  | <b>CONSOLIDATING INFORMATION</b> |                            |                           | <b>2022<br/>TOTAL</b>      |
|--|----------------------------------|----------------------------|---------------------------|----------------------------|
|  | <b>HOME</b>                      | <b>FOUNDATION</b>          | <b>ELIMINATIONS</b>       |                            |
| <b>ASSETS</b>                          |                                  |                            |                           |                            |
| Current assets                         |                                  |                            |                           |                            |
| Cash                                   | \$ 384,234                       | \$ 19,063                  | \$ -                      | \$ 403,297                 |
| Patient and accounts receivable - net  | 7,300                            | -                          | -                         | 7,300                      |
| Due from related party                 | 67,717                           | -                          | (67,717)                  | -                          |
| Grants receivable                      | 234,610                          | -                          | -                         | 234,610                    |
| Prepaid expenses and other             | 6,771                            | -                          | -                         | 6,771                      |
| Total current assets                   | <u>700,632</u>                   | <u>19,063</u>              | <u>(67,717)</u>           | <u>651,978</u>             |
| Net property and equipment             | <u>3,652,892</u>                 | <u>572,221</u>             | <u>-</u>                  | <u>4,225,113</u>           |
| Other assets                           |                                  |                            |                           |                            |
| Investments                            | -                                | 566,039                    | -                         | 566,039                    |
| Cash surrender value of life insurance | 74,639                           | -                          | -                         | 74,639                     |
| Total other assets                     | <u>74,639</u>                    | <u>566,039</u>             | <u>-</u>                  | <u>640,678</u>             |
|  |                                  |                            |                           | -                          |
| Total assets                           | <u><u>\$ 4,428,163</u></u>       | <u><u>\$ 1,157,323</u></u> | <u><u>\$ (67,717)</u></u> | <u><u>\$ 5,517,769</u></u> |
| <b>LIABILITIES AND NET ASSETS</b>      |                                  |                            |                           |                            |
| Current liabilities                    |                                  |                            |                           |                            |
| Accounts payable - trade               | \$ 43,939                        | \$ -                       | \$ -                      | \$ 43,939                  |
| Due to related party                   | -                                | 67,717                     | (67,717)                  | -                          |
| Accrued salaries                       | 28,972                           | -                          | -                         | 28,972                     |
| Accrued payroll taxes and benefits     | 18,721                           | -                          | -                         | 18,721                     |
| Accrued vacation                       | 51,185                           | -                          | -                         | 51,185                     |
| Planned gift liability                 | -                                | 2,069                      | -                         | 2,069                      |
| Refundable advance liability           | 9,552                            | -                          | -                         | 9,552                      |
| Total current liabilities              | <u>152,369</u>                   | <u>69,786</u>              | <u>(67,717)</u>           | <u>154,438</u>             |
| Long-term liabilities                  |                                  |                            |                           |                            |
| Line of credit                         | 116,531                          | -                          | -                         | 116,531                    |
| Note payable                           | 509,623                          | -                          | -                         | 509,623                    |
| Total long-term liabilities            | <u>626,154</u>                   | <u>-</u>                   | <u>-</u>                  | <u>626,154</u>             |
| Total liabilities                      | <u>778,523</u>                   | <u>69,786</u>              | <u>(67,717)</u>           | <u>780,592</u>             |
| Net assets                             |                                  |                            |                           |                            |
| Without donor restrictions             | 2,496,773                        | 886,032                    | -                         | 3,382,805                  |
| With donor restrictions                | 1,152,867                        | 201,505                    | -                         | 1,354,372                  |
| Total net assets                       | <u>3,649,640</u>                 | <u>1,087,537</u>           | <u>-</u>                  | <u>4,737,177</u>           |
| Liabilities and Net Assets             | <u><u>\$ 4,428,163</u></u>       | <u><u>\$ 1,157,323</u></u> | <u><u>\$ (67,717)</u></u> | <u><u>\$ 5,517,769</u></u> |

The accompanying notes are an integral part of these financial statements.

FLORENCE CRITTENTON HOME AND SERVICES  
AND FLORENCE CRITTENTON HOME AND SERVICES FOUNDATION

HELENA, MONTANA

CONSOLIDATING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2023

|  | HOME                       |                         |                     | FOUNDATION                 |                         |                     | TOTAL               | Eliminations     | TOTAL               |
|--|----------------------------|-------------------------|---------------------|----------------------------|-------------------------|---------------------|---------------------|------------------|---------------------|
|  | Without Donor Restrictions | With Donor Restrictions | TOTAL               | Without Donor Restrictions | With Donor Restrictions | TOTAL               |                     |                  |                     |
| Support and Revenue:   |                            |                         |                     |                            |                         |                     |                     |                  |                     |
| Patient service fees, net of contractual and bad debts                 | \$ 511,035                 | -                       | \$ 511,035          | \$ -                       | -                       | \$ -                | \$ -                | -                | \$ 511,035          |
| Fee for service  | 218,601                    | -                       | 218,601             | -                          | -                       | -                   | -                   | -                | 218,601             |
| Agency contracts   | 936,819                    | -                       | 936,819             | -                          | -                       | -                   | -                   | -                | 936,819             |
| Contributions and grants   | 651,422                    | 918,816                 | 1,570,238           | -                          | 51,070                  | 51,070              | 51,070              | -                | 1,621,308           |
| In-kind contributions  | 201,395                    | -                       | 201,395             | 46,225                     | -                       | 46,225              | 46,225              | (121,225)        | 126,395             |
| Special Events Revenue, net of \$147,207 of direct benefits to donors  | 201,066                    | -                       | 201,066             | -                          | -                       | -                   | -                   | -                | 201,066             |
| Investment Return  | 2,150                      | -                       | 2,150               | 52,596                     | -                       | 52,596              | 52,596              | -                | 54,746              |
| Other income   | 143,634                    | -                       | 143,634             | 75,000                     | -                       | 75,000              | 75,000              | (121,225)        | 97,409              |
| Change in value of split interest agreements and cash surrender values | 2,354                      | -                       | 2,354               | -                          | -                       | -                   | -                   | -                | 2,354               |
| Net assets released from restrictions                                  | 299,116                    | (299,116)               | -                   | -                          | -                       | -                   | -                   | -                | -                   |
| Total support and revenue  | <u>3,167,592</u>           | <u>619,700</u>          | <u>3,787,292</u>    | <u>173,821</u>             | <u>51,070</u>           | <u>224,891</u>      | <u>224,891</u>      | <u>(242,450)</u> | <u>3,769,733</u>    |
| Expenses:  |                            |                         |                     |                            |                         |                     |                     |                  |                     |
| Program services   | 2,394,575                  | -                       | 2,394,575           | 71,008                     | -                       | 71,008              | 71,008              | (55,764)         | 2,409,819           |
| Management and general   | 415,662                    | -                       | 415,662             | 62,123                     | -                       | 62,123              | 62,123              | (113,950)        | 363,835             |
| Fundraising  | 506,200                    | -                       | 506,200             | 36,368                     | -                       | 36,368              | 36,368              | (72,736)         | 469,832             |
| Total expenses   | <u>3,316,437</u>           | <u>-</u>                | <u>3,316,437</u>    | <u>169,499</u>             | <u>-</u>                | <u>169,499</u>      | <u>169,499</u>      | <u>(242,450)</u> | <u>3,243,486</u>    |
| Change in net assets   | (148,845)                  | 619,700                 | 470,855             | 4,322                      | 51,070                  | 55,392              | 55,392              | -                | 526,247             |
| Net assets at beginning of year  | 2,496,773                  | 1,152,867               | 3,649,640           | 886,032                    | 201,505                 | 1,087,537           | 1,087,537           | -                | 4,737,177           |
| Net assets at end of year  | <u>\$ 2,347,928</u>        | <u>\$ 1,772,567</u>     | <u>\$ 4,120,495</u> | <u>\$ 890,354</u>          | <u>\$ 252,575</u>       | <u>\$ 1,142,929</u> | <u>\$ 1,142,929</u> | <u>\$ -</u>      | <u>\$ 5,263,424</u> |

The accompanying notes are an integral part of these financial statements.

FLORENCE CRITTENTON HOME AND SERVICES  
AND FLORENCE CRITTENTON HOME AND SERVICES FOUNDATION

HELENA, MONTANA

CONSOLIDATING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2022

|  | HOME                       |                         |              | FOUNDATION                 |                         |              | TOTAL        |
|--|----------------------------|-------------------------|--------------|----------------------------|-------------------------|--------------|--------------|
|  | Without Donor Restrictions | With Donor Restrictions | TOTAL        | Without Donor Restrictions | With Donor Restrictions | TOTAL        |              |
| Support and Revenue:   |                            |                         |              |                            |                         |              |              |
| Patient service fees, net of contractual and bad debts                 | \$ 114,356                 | -                       | \$ 114,356   | \$ -                       | -                       | \$ -         | \$ 114,356   |
| Fee for service  | 298,728                    | -                       | 298,728      | -                          | -                       | -            | 298,728      |
| Agency contracts   | 927,172                    | -                       | 927,172      | -                          | -                       | -            | 927,172      |
| Contributions and grants   | 2,308,540                  | 1,128,287               | 3,436,827    | 113,250                    | -                       | 113,250      | 3,550,077    |
| In-kind contributions  | 1,404,884                  | -                       | 1,404,884    | 1,025,000                  | -                       | 1,025,000    | 1,224,507    |
| Investment return, net   | 343                        | -                       | 343          | (105,200)                  | -                       | (105,200)    | (104,857)    |
| Other income   | 57,446                     | -                       | 57,446       | 95,758                     | -                       | 95,758       | 78,204       |
| Change in value of split interest agreements and cash surrender values | 2,313                      | -                       | 2,313        | -                          | -                       | -            | 2,313        |
| Net assets released from restrictions                                  | 114,793                    | (114,793)               | -            | -                          | -                       | -            | -            |
| Total support and revenue  | 5,228,575                  | 1,013,494               | 6,242,069    | 1,128,808                  | -                       | 1,128,808    | 6,090,500    |
| Expenses:  |                            |                         |              |                            |                         |              |              |
| Program services   | 2,011,834                  | -                       | 2,011,834    | 1,217,441                  | -                       | 1,217,441    | 2,064,398    |
| Management and general   | 649,950                    | -                       | 649,950      | 41,364                     | -                       | 41,364       | 620,814      |
| Fundraising  | 250,639                    | -                       | 250,639      | 22,500                     | -                       | 22,500       | 228,139      |
| Total expenses   | 2,912,423                  | -                       | 2,912,423    | 1,281,305                  | -                       | 1,281,305    | 2,913,351    |
| Change in net assets   | 2,316,152                  | 1,013,494               | 3,329,646    | (152,497)                  | -                       | (152,497)    | 3,177,149    |
| Net assets at beginning of year  | 180,621                    | 139,373                 | 319,994      | 1,038,529                  | 201,505                 | 1,240,034    | 1,560,028    |
| Net assets at end of year  | \$ 2,496,773               | \$ 1,152,867            | \$ 3,649,640 | \$ 886,032                 | \$ 201,505              | \$ 1,087,537 | \$ 4,737,177 |

The accompanying notes are an integral part of these financial statements.