

November 12, 2024

To the Board of Directors
Opening Doors Northwest Florida, Inc.
1020 North New Warrington Road
Pensacola, FL 32506

We have audited the financial statements of Opening Doors Northwest Florida, Inc. for the year ended June 30, 2024, and we will issue our report thereon dated November 12, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 3, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

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

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

- Management's estimate of the allocation of certain expenses by function is based on estimates of time and effort. We evaluated the methods, assumptions, and data used to develop the allocation of expenses by function in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule summarizes misstatements detected as a result of audit procedures corrected by management.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 12, 2024.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of Opening Doors Northwest Florida, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Warren Averett, LLC

Warren Averett, LLC
Pensacola, Florida

Client: 39351000 - Opening Doors Northwest Florida
 Engagement: AUDA-2024 - Opening Doors Northwest Florida
 Period Ending: 6/30/2024
 Trial Balance: 401 - Trial Balance
 Workpaper: 403 - Adjusting Journal Entries Report

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
To adjust ROU asset and lease liability to comply with ASC 842			
2060	Lease Liability	45,000.00	
8210	Rent	45,559.00	
1800	Acc. Amort. - Right of Use		41,129.00
2060	Lease Liability		4,430.00
8210	Rent		45,000.00
Total		90,559.00	90,559.00
Adjusting Journal Entries JE # 2			
PBC - To properly accrue PTO as of year end			
7220	Salaries & Wages	3,948.00	
2012	Accrued Leave		3,948.00
Total		3,948.00	3,948.00
Adjusting Journal Entries JE # 3			
To adjust accrued salaries to actual			
2110	Payroll Liabilities	7,164.00	
7220	Salaries & Wages		7,164.00
Total		7,164.00	7,164.00
Adjusting Journal Entries JE # 4			
PBC - To true up inventory balance as of year end			
8100	Office Expense	1,220.00	
1304	Supplies - Donated		1,220.00
Total		1,220.00	1,220.00
Adjusting Journal Entries JE # 5			
PBC - To adjust in-kind contributions as of year end			
8265	Client Assistance	10,687.00	
4020	Noncash Contribution		10,687.00
Total		10,687.00	10,687.00
Adjusting Journal Entries JE # 6			
To reduce challenge revenue by the unspent portion.			
4026	Challenge Grant	120,427.00	
24002	Unearned grant revenue		120,427.00
Total		120,427.00	120,427.00
	Total Adjusting Journal Entries	234,005.00	234,005.00
	Total All Journal Entries	234,005.00	234,005.00

OPENING DOORS NORTHWEST FLORIDA, INC.

FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

OPENING DOORS NORTHWEST FLORIDA, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Opening Doors Northwest Florida, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Opening Doors Northwest Florida, Inc. (the Organization) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Opening Doors Northwest Florida, Inc. as of June 30, 2024 and 2023, and the changes in its net assets and its 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 audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2024, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Warren Averett, LLC

Pensacola, Florida
November 12, 2024

**OPENING DOORS NORTHWEST FLORIDA, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 175,192	\$ 159,972
Grants receivable	571,921	174,853
Other current assets	<u>25,235</u>	<u>11,732</u>
Total current assets	772,348	346,557
PROPERTY AND EQUIPMENT, NET	44,044	74,044
OPERATING LEASE RIGHT-OF-USE ASSET, NET	<u>127,319</u>	<u>168,448</u>
TOTAL ASSETS	<u><u>\$ 943,711</u></u>	<u><u>\$ 589,049</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 410,008	\$ 90,658
Accrued payroll and leave liabilities	32,553	35,769
Current portion of operating lease liability	44,825	40,570
Unearned revenue	<u>120,427</u>	<u>-</u>
Total current liabilities	607,813	166,997
OPERATING LEASE LIABILITY, NET	89,613	134,438
NET ASSETS		
Without donor restrictions	246,285	287,414
With donor restrictions	<u>-</u>	<u>200</u>
Total net assets	<u>246,285</u>	<u>287,614</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 943,711</u></u>	<u><u>\$ 589,049</u></u>

See notes to the financial statements.

**OPENING DOORS NORTHWEST FLORIDA, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	2024	2023
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Support and other revenue		
Grants revenue	\$ 1,783,185	\$ 1,518,545
Contributions	16,758	11,707
Other income	35,658	51,401
Net assets released from restriction	1,700	11,323
Total support and other revenue and net assets released from restriction	1,837,301	1,592,976
OPERATING EXPENSES		
Program services	1,581,193	1,424,220
Supporting services	297,237	312,340
Total operating expenses	1,878,430	1,736,560
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(41,129)	(143,584)
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	1,500	300
Net assets released from restrictions	(1,700)	(11,323)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS	(200)	(11,023)
CHANGES IN NET ASSETS	(41,329)	(154,607)
NET ASSETS, BEGINNING OF YEAR	287,614	442,221
NET ASSETS, END OF YEAR	\$ 246,285	\$ 287,614

See notes to the financial statements.

**OPENING DOORS NORTHWEST FLORIDA, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>Program Services</u>	<u>Supporting Services</u>	<u>2024 Total</u>
PERSONNEL COSTS			
Salaries	\$ 374,586	\$ 145,672	\$ 520,258
Fringe benefits	43,061	16,746	59,807
Payroll taxes	31,403	12,212	43,615
Total personnel costs	449,050	174,630	623,680
OPERATING EXPENSES			
Client assistance	28,670	-	28,670
Conventions and meetings	45	5	50
Depreciation	27,000	3,000	30,000
Insurance	1,213	135	1,348
Internet and software	7,388	821	8,209
Meals and entertainment	1,250	139	1,389
Office expenses	13,957	1,550	15,507
Printing and publishing	3,448	383	3,831
Professional fees	40,160	4,462	44,622
Program related contracts	934,237	103,804	1,038,041
Rent	41,453	4,606	46,059
Taxes and licenses	4,871	541	5,412
Travel	15,137	1,682	16,819
Utilities	13,314	1,479	14,793
Total operating expenses	1,132,143	122,607	1,254,750
TOTAL EXPENSES	<u>\$ 1,581,193</u>	<u>\$ 297,237</u>	<u>\$ 1,878,430</u>

See notes to the financial statements.

OPENING DOORS NORTHWEST FLORIDA, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>Program Services</u>	<u>Supporting Services</u>	<u>2023 Total</u>
PERSONNEL COSTS			
Salaries	\$ 403,133	\$ 181,117	\$ 584,250
Fringe benefits	20,461	9,192	29,653
Payroll taxes	32,541	14,620	47,161
Total personnel costs	456,135	204,929	661,064
OPERATING EXPENSES			
Advertising	494	55	549
Client assistance	40,191	4,466	44,657
Conventions and meetings	1,392	-	1,392
Depreciation	28,938	3,215	32,153
Insurance	4,648	516	5,164
Internet and software	17,760	1,973	19,733
Meals and entertainment	572	64	636
Office expenses	21,760	2,418	24,178
Printing and publishing	2,538	282	2,820
Professional fees	46,170	5,130	51,300
Program related contracts	745,586	82,843	828,429
Rent	41,454	4,606	46,060
Taxes and licenses	494	55	549
Travel	2,409	268	2,677
Utilities	13,679	1,520	15,199
Total operating expenses	968,085	107,411	1,075,496
TOTAL EXPENSES	<u>\$ 1,424,220</u>	<u>\$ 312,340</u>	<u>\$ 1,736,560</u>

See notes to the financial statements.

OPENING DOORS NORTHWEST FLORIDA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (41,329)	\$ (154,607)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	30,000	32,153
Amortization of right-to-use asset	41,129	40,055
Changes in operating assets and liabilities:		
Decrease (increase) in operating assets		
Grants receivable	(397,068)	687,906
Other current assets	(13,503)	6,956
Increase (decrease) in operating liabilities		
Accounts payable	319,350	(578,150)
Accrued payroll and leave liabilities	(3,216)	(4,727)
Unearned revenue	120,427	(3,627)
Operating lease liability	(40,570)	(33,495)
Net cash provided by (used in) operating activities	<u>15,220</u>	<u>(7,536)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	15,220	(7,536)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>159,972</u>	<u>167,508</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 175,192</u>	<u>\$ 159,972</u>

See notes to the financial statements.

OPENING DOORS NORTHWEST FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Opening Doors Northwest Florida, Inc. (the Organization) is a not-for-profit social service agency. The Organization carries out the social mission to increase public awareness of issues in Escambia and Santa Rosa counties about the nature of homelessness, establish a better way to fund programs to help the homeless and guide public giving toward coordinated resources. The office is located in Pensacola, and programs include being the lead agency for the Homeless Management Information System, street outreach and housing. The Organization's primary funding sources are grant funding from federal, state, and local or county grants.

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Basis of Accounting

The Organization follows standards of accounting and financial reporting prescribed for nonprofit organizations. The Organization uses the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

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

Net assets without donor restrictions are not subject to donor-imposed stipulations. Board designated or appropriated amounts are legally unrestricted and are reported as part of the net assets without donor restriction class.

Net assets with donor restrictions are subject to donor-imposed stipulations that include time and/or purpose restrictions. At June 30, 2024 and 2023, net assets with donor restrictions of \$0 and \$200, respectively, consisted of unspent contributions designated by donors for use by a particular program or for specific purposes or functions of the Organization.

Cash and Cash Equivalents

The Organization considers all liquid investments purchased within three months of maturity to be cash equivalents.

Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. A summary of each of the revenue and support flows are as follows.

Gifts and grants, including unconditional promises to give, are recognized as revenues as either without or with donor restrictions in the period verifiably committed by the donor. Gifts and grants of assets other than cash are recorded at their estimated fair value and per the fair value policies described elsewhere in this section.

OPENING DOORS NORTHWEST FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Reclassifications

Certain prior period financial statement amounts have been reclassified to conform to current period presentation.

Compensated Absences

Employees are allowed to accumulate earned but unused vacation time up to a maximum of 160 hours at calendar year end unless the employee has worked more than five years, then the maximum accrual is 188 hours. Accordingly, an accrual for earned but unused vacation time has been included in accrued liabilities in the accompanying financial statements.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of activities and change in net assets. Accordingly, certain costs have been allocated among the program and supporting services. Costs have been allocated based on time and effort or occupancy costs among the programs and supporting activities which have benefited from these allocations.

Right-Of-Use Lease Assets and Lease Liabilities

Right-of-use assets and liabilities are initially measured at the present value of lease payments over the lease term, discounted using the interest rate implicit in the lease at the commencement date. Right-of-use assets are adjusted for any lease payments made prior to lease commencement, lease incentives and accrued rent. If the rate implicit in the lease cannot be readily determined, the Organization uses the risk-free interest rate.

The Organization's leases may include options to extend or terminate the lease. When it is reasonably certain that the Organization will exercise such option, the lease term includes those periods. Lease expense for operating leases is recognized on a straight-line basis over the lease term.

Subsequent Events

Management has evaluated subsequent events through November 12, 2024, which is the date the financial statements were available to be issued.

OPENING DOORS NORTHWEST FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

2. GRANTS RECEIVABLE

Grants receivable are summarized as follows:

	<u>2024</u>	<u>2023</u>
Federal Emergency Solutions Grants (ESG and ESG-CV)	\$ 130,185	\$ 123,746
Florida Homeless Challenge Grant	325,092	\$ 19,833
Other	116,644	31,274
	<u>\$ 571,921</u>	<u>\$ 174,853</u>

3. PROPERTY AND EQUIPMENT

Major classifications of property and equipment are summarized as follows:

	<u>2024</u>	<u>2023</u>
Furniture and equipment	\$ 43,913	\$ 43,913
Vehicles	150,199	150,199
	194,112	194,112
Accumulated depreciation	<u>(150,068)</u>	<u>(120,068)</u>
Property and equipment, net	<u>\$ 44,044</u>	<u>\$ 74,044</u>

Depreciation expense for the years ended June 30, 2024 and 2023, was \$30,000 and \$32,153, respectively.

4. RIGHT-OF-USE ASSET AND OPERATING LEASE LIABILITY

The Organization leases its facility with lease terms expiring in 2027. The following summarizes the line items in the statements of financial position which include amounts for an operating lease as of June 30:

	<u>2024</u>	<u>2023</u>
Operating lease right-of-use assets, net	<u>\$ 127,319</u>	<u>\$ 168,448</u>
Operating lease liability, current portion	44,825	40,570
Operating lease liability, net of current portion	<u>89,613</u>	<u>134,438</u>
Total operating lease liability	<u>\$ 134,438</u>	<u>\$ 175,008</u>

**OPENING DOORS NORTHWEST FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

The following summarizes the weighted average remaining lease term and discount rate as of June 30:

	<u>2024</u>	<u>2023</u>
Weighted Average Remaining Lease Term		
Operating lease	2.84 years	3.84 years
Weighted Average Discount Rate		
Operating lease	2.89%	2.89%

The future minimum lease payment for each of the succeeding three years, remaining under the noncancelable operating lease, consisted of the following at June 30, 2024:

<u>Year ending June 30,</u>	
2025	\$ 48,000
2026	48,000
2027	<u>44,000</u>
Total minimum lease payments	140,000
Less imputed interest	<u>(5,562)</u>
Present value of operating lease liability	134,438
Less current portion of operating lease liability	<u>44,825</u>
	<u>\$ 89,613</u>

Supplemental cash flow information related to the operating lease as of June 30, 2024 and 2023, are as follows:

	<u>2024</u>	<u>2023</u>
Operating cash flows – operating lease	<u>\$ 45,000</u>	<u>\$ 39,000</u>

Total operating lease costs for the years ended June 30, 2024 and 2023, were both \$45,559.

5. CONCENTRATIONS

Funding Contingencies

For the years ended June 30, 2024 and 2023, the Organization received 97% and 96%, respectively, of its support from grant funding.

Concentration of Credit Risk

The Organization places its cash and cash equivalents with financial institutions whose credit ratings are monitored by management to minimize credit risk. However, at times, the Organization may have cash and cash equivalents at financial institutions in excess of the insured limit. At June 30, 2024 and 2023, there were no deposits in excess of the Federal Deposit Insurance Corporation (FDIC) limit.

**OPENING DOORS NORTHWEST FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

6. RETIREMENT PLAN

The Organization sponsors a 401(k) Plan that was established in May 2023 for the benefit of employees who elect to participate. Matching contributions made by the Organization are discretionary. Employer matching contributions to the plan of approximately \$34,000 and \$0 were made by the Organization for the years ended June 30, 2024 and 2023, respectively.

7. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has a policy to manage its liquidity and reserves, following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The following table reflects the Organization's financial assets as of June 30, 2024 and 2023, reduced by amounts not available for general expenditures within one year.

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 175,192	\$ 159,972
Grants receivable, net, collectible in less than one year	<u>571,921</u>	<u>174,853</u>
Financial assets available to meet cash needs for expenditures within one year	<u>\$ 747,113</u>	<u>\$ 334,825</u>

COMPLIANCE SECTION

**OPENING DOORS NORTHWEST FLORIDA, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2024**

Federal and State Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Contract/Grant Number	Expenditures	Pass-Through to Subrecipients
FEDERAL AWARDS				
U.S. Department of Housing and Urban Development				
Passed through State of Florida, Department of Children and Families				
Emergency Solutions Grant Program	14.231	APZ10	\$ 273,699	\$ 212,254
COVID-19 – Emergency Solutions Grant Program	14.231	APZ10	201,458	168,197
			475,157	380,451
Direct				
Continuum of Care Program	14.267	FL0636L4H112206	343,912	-
Continuum of Care Program	14.267	FL0141L4H112215	143,974	-
Continuum of Care Program	14.267	FL0139L4H112215	23,858	-
Continuum of Care Program	14.267	FL0901L4H112200	53,969	-
			565,713	-
Housing Voucher Cluster				
Passed through City of Pensacola, Florida				
COVID-19 Section 8 Housing Choice Vouchers	14.871	FL092ES0001	249	-
			249	-
Total Housing Voucher Cluster				
CDBG – Entitlement/Special Purpose Grants Cluster				
Passed through City of Pensacola, Florida				
COVID-19 Community Development Block Grants/Entitlement Grants	14.218	FL092ES0001	5,000	-
U.S. Department of Health and Human Services				
Passed through State of Florida, Department of Children and Families				
Temporary Assistance for Needy Families	93.558	APZ10	38,000	36,860
			\$ 1,084,119	\$ 417,311
TOTAL FEDERAL AWARDS				

See notes to the schedule of expenditures of federal awards.

**OPENING DOORS NORTHWEST FLORIDA, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

A. BASIS OF PRESENTATION

The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Since the schedule presents only a select portion of the operations of the Organization, it is not intended to, and does not, present the financial position, changes in net assets or cash flows of the Organization.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards includes the federal grant activity for the year ended June 30, 2024. Expenditures reported on the schedule are reported on the accrual basis of accounting.

C. DE MINIMIS INDIRECT COST RATE ELECTION

The Organization has elected not to use the ten percent de minimis indirect cost rate as allowed under Uniform Guidance.

D. CONTINGENCIES

The programs shown in the schedule of expenditures of federal awards are subject to audit by grantor agencies. If any expenditures or expenses are disallowed by the grantor agencies as a result of such audit, any claim for reimbursement to the grant agencies would become a liability of the Organization. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal laws and regulations.

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

To the Board of Directors
Opening Doors Northwest Florida, Inc.

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 Opening Doors Northwest Florida, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 12, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We identified deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002, that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

The Organization's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

Warren Averett, LLC

Pensacola, Florida
November 12, 2024

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Opening Doors Northwest Florida, Inc.

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Opening Doors of Northwest Florida Inc.'s (the Organization) 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 the Organization's major federal program for the year ended June 30, 2024. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Warren Averett, LLC

Pensacola, Florida
November 12, 2024

**OPENING DOORS NORTHWEST FLORIDA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified that is/are not considered to be material weaknesses? Yes X None Reported
- Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified that is/are not considered to be material weaknesses? Yes X None Reported

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

- Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? Yes X No

Identification of major program:

Assistance Listing Number/

Name of Federal Program or Cluster	Assistance Listing Number
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Emergency Solutions Grant Program	14.231
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Dollar threshold used to distinguish between type A and type B programs for federal awards?	<u>\$750,000</u>
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Auditee qualified as low-risk auditee for federal awards?	<u> </u> Yes <u> X </u> No
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**OPENING DOORS NORTHWEST FLORIDA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

B. FINDINGS – FINANCIAL STATEMENTS

FINDING 2024-001 – REVIEW OF BANK RECONCILIATIONS

Criteria

The Organization's internal control over financial reporting is designed to allow for management and employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, a misstatement on a timely basis.

Condition

As a result of walkthrough procedures performed over bank reconciliations during the audit, the Organization's bank reconciliations were not reviewed from December 2023 to June 2024, with only one person in management involved in the bank reconciliation process.

Cause

Due to the resignation of the executive director and passing of the board's treasurer, management did not appoint another individual to review the bank reconciliations.

Effect

The lack of review over bank reconciliations increases the risk of undetected errors or potential fraudulent activities, which exposes the Organization to loss and inaccurate financial reporting.

Recommendation

The Organization should ensure the interim executive director or qualified board member review the bank reconciliations regularly.

Management's Response and Planned Corrective Actions

We agree with the finding and the recommended procedures have been implemented. The bank reconciliations will be reviewed by the interim executive director or compliance officer.

FINDING 2024-002 – RECOGNITION OF GRANT REVENUE

Criteria

The Organization's internal control over financial reporting is designed to allow for management and employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, a misstatement on a timely basis. Pursuant to ASU 2018-08, cost reimbursement type grant revenue is recognized as qualifying costs are incurred.

Condition

Revenues exceeded the corresponding expense for one grant.

Cause

The reconciliation process for grant activities didn't adequately match grant revenues with grant expenses for financial reporting purposes.

**OPENING DOORS NORTHWEST FLORIDA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

Effect

A material adjustment was necessary to reduce grant revenue to align with the corresponding grant expense. The unspent portion of the grant should be recorded as unearned revenue.

Recommendation

Management should review and enhance grant procedures to ensure the year-end grant reconciliation process accurately match grant revenues with related qualifying expenses.

Management's Response and Planned Corrective Actions

We agree with the finding. Going forward, all grant balances will be meticulously reviewed. If any discrepancies or uncertainties arise, management will seek clarification or guidance. This proactive approach will enable accurate financial reporting and ensure compliance with all grant requirements.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM

There were no findings which were required to be reported in accordance with the Uniform Guidance.



**OPENING DOORS NORTHWEST FLORIDA, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2024**

SCHEDULE OF PRIOR YEAR FINDINGS

There were no findings reported in the prior year which require Management's response.

CORRECTIVE ACTION PLAN

The findings from the November 12, 2024, schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

Name of Contract Person for Completing Corrective Action Plan:
Serene Keiek, Interim Executive Director
serenek@openingdoorsnwfl.org
850-741-4616

FINDING 2024-001 REVIEW OF BANK RECONCILIATIONS

There is no review of the Organization's bank reconciliations.

Management's Response

Bank reconciliations will be reviewed by the interim executive director or compliance officer.

FINDING 2024-002 RECOGNITION OF GRANT REVENUE

The reconciliation process for grant activities didn't adequately match grant revenues with grant expenses for financial reporting purposes.

Management's Response

All grant balances will be meticulously reviewed. If any discrepancies or uncertainties arise, management will seek clarification or guidance.