

# Financial Statements

Talbot House Ministries of Lakeland, Inc.

Years Ended June 30, 2024 and 2023

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TALBOT HOUSE MINISTRIES OF LAKELAND, INC.

YEARS ENDED JUNE 30, 2024 AND 2023

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Talbot House Ministries of Lakeland, Inc.

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Talbot House Ministries of Lakeland, Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, 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 Talbot House Ministries of Lakeland, 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Talbot House Ministries of Lakeland, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***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 Talbot House Ministries of Lakeland, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 Talbot House Ministries of Lakeland, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Talbot House Ministries of Lakeland, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

***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 and state financial assistance, 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 Chapter 10.650, *Rules of the Auditor General*, 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 and state financial assistance 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 December 10, 2024, on our consideration of Talbot House Ministries of Lakeland, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Talbot House Ministries of Lakeland, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Talbot House Ministries of Lakeland, Inc.'s internal control over financial reporting and compliance.

*Ramos & Floyd CPAs PLLC*

Lakeland, Florida  
December 10, 2024

TALBOT HOUSE MINISTRIES OF LAKELAND, INC

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<b><u>ASSETS</u></b>		
Cash	\$ 125,330	\$ 193,452
Investments	736,541	526,423
Grant receivable	180,579	98,176
Cash - trustee	<u>47,823</u>	<u>32,824</u>
Total current assets	1,090,273	850,875
Property and equipment, net	6,365,700	5,545,540
Other assets	<u>25,910</u>	<u>25,910</u>
Total assets	<u>\$ 7,481,883</u>	<u>\$ 6,422,325</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Accounts payable	\$ 59,606	\$ 37,360
Funds held in trust	47,823	32,825
Accrued liabilities	104,098	129,134
Current portion of long term debt	<u>19,383</u>	<u>7,642</u>
Total current liabilities	230,910	206,961
Long term debt	<u>1,344,114</u>	<u>869,751</u>
Total liabilities	1,575,024	1,076,712
Net assets:		
Without donor restrictions	<u>5,906,859</u>	<u>5,345,613</u>
Total net assets	<u>5,906,859</u>	<u>5,345,613</u>
Total liabilities and net assets	<u>\$ 7,481,883</u>	<u>\$ 6,422,325</u>

Read accompanying notes to financial statements.

**TALBOT HOUSE MINISTRIES OF LAKELAND, INC**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support			
Contributions and grants	\$ 4,586,664	\$ -	\$ 4,586,664
Special events	350,365	-	350,365
Program fees	221,612	-	221,612
Services performed	964	-	964
Other income	82	-	82
Investment income	136,767	-	136,767
Rent income	77,150	-	77,150
Total revenues and other support	5,373,604	-	5,373,604
Expenses			
Program:			
Basic needs	1,355,586	-	1,355,586
Health and disability	1,091,701	-	1,091,701
Supporting work and independence	1,778,131	-	1,778,131
Employee solutions	314,351	-	314,351
Total program expense	4,539,769	-	4,539,769
Management and general	122,903	-	122,903
Fundraising	149,686	-	149,686
Total expenses	4,812,358	-	4,812,358
Change in net assets	561,246	-	561,246
Net assets at beginning of year	5,345,613	-	5,345,613
Net assets at end of year	\$ 5,906,859	\$ -	\$ 5,906,859

Read accompanying notes to financial statements.

**TALBOT HOUSE MINISTRIES OF LAKE LAND, INC**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and other support			
Contributions and grants	\$ 3,922,369	\$ -	\$ 3,922,369
Special events	247,203	-	247,203
Program fees	189,492	-	189,492
Services performed	12,278	-	12,278
Other income	1,400	-	1,400
Investment income	88,321	-	88,321
Rent income	71,120	-	71,120
	<u>4,532,183</u>	<u>-</u>	<u>4,532,183</u>
Total revenues and other support	4,532,183	-	4,532,183
Expenses			
Program:			
Basic needs	1,268,058	-	1,268,058
Health and disability	1,009,522	-	1,009,522
Supporting work and independence	1,697,843	-	1,697,843
Employee solutions	287,343	-	287,343
	<u>4,262,766</u>	<u>-</u>	<u>4,262,766</u>
Total program expense	4,262,766	-	4,262,766
Management and general	117,357	-	117,357
Fundraising	142,036	-	142,036
	<u>4,522,159</u>	<u>-</u>	<u>4,522,159</u>
Total expenses	4,522,159	-	4,522,159
Change in net assets	10,024	-	10,024
Net assets at beginning of year	<u>5,335,589</u>	<u>-</u>	<u>5,335,589</u>
Net assets at end of year	<u>\$ 5,345,613</u>	<u>\$ -</u>	<u>\$ 5,345,613</u>

Read accompanying notes to financial statements.

**TALBOT HOUSE MINISTRIES OF LAKELAND, INC**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED JUNE 30, 2024**

	Program Services						
	Basic Needs	Health and Disability	Supporting Work and Independence	Employee Solutions	Management and General	Fundraising	Total
Personnel	\$ 568,153	\$ 750,774	\$ 405,824	\$ 304,368	\$ 99,372	\$ 77,073	\$ 2,205,564
Supplies	378,040	151,216	982,903	-	7,958	71,629	1,591,746
Occupancy	156,422	72,488	148,791	3,815	10,816	984	393,316
Depreciation	140,528	65,123	133,673	3,427	-	-	342,751
Office expense	57,585	26,686	54,775	1,404	3,321	-	143,771
Professional fees	34,640	16,053	32,950	844	-	-	84,487
Equipment rental and maintenance	18,824	8,723	17,906	459	1,420	-	47,332
Interest expense	1,394	638	1,309	34	16	-	3,391
<b>Total expenses</b>	<b>\$ 1,355,586</b>	<b>\$ 1,091,701</b>	<b>\$ 1,778,131</b>	<b>\$ 314,351</b>	<b>\$ 122,903</b>	<b>\$ 149,686</b>	<b>\$ 4,812,358</b>

Read accompanying notes to financial statements.

**TALBOT HOUSE MINISTRIES OF LAKELAND, INC**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED JUNE 30, 2023**

	Program Services						
	Basic Needs	Health and Disability	Supporting Work and Independence	Employee Solutions	Management and General	Fundraising	Total
Personnel	\$ 519,254	\$ 686,157	\$ 370,895	\$ 278,172	\$ 90,818	\$ 70,440	\$ 2,015,736
Occupancy	152,707	70,767	145,258	3,725	10,559	960	383,976
Supplies	372,804	149,122	969,290	-	7,849	70,636	1,569,701
Depreciation	115,547	53,546	109,911	2,818	2,848	-	284,670
Office expense	51,162	23,709	48,666	1,248	3,859	-	128,644
Equipment rental and maintenance	18,658	8,646	17,748	455	1,408	-	46,915
Professional fees	37,251	17,262	35,433	909	-	-	90,855
Interest expense	675	313	642	16	16	-	1,662
<b>Total expenses</b>	<b>\$ 1,268,058</b>	<b>\$ 1,009,522</b>	<b>\$ 1,697,843</b>	<b>\$ 287,343</b>	<b>\$ 117,357</b>	<b>\$ 142,036</b>	<b>\$ 4,522,159</b>

Read accompanying notes to financial statements.

**TALBOT HOUSE MINISTRIES OF LAKE LAND, INC**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED JUNE 30, 2024 AND 2023**

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 561,246	\$ 10,024
Adjustments to reconcile change in net assets to net cash from (used by) operating activities:		
Depreciation	342,751	284,670
In-kind contributions of investments	(14,103)	(157,083)
Net realized and unrealized (gains) losses	(115,151)	(80,145)
(Increase) decrease in assets:		
Grant receivable	(82,403)	52,182
Increase (decrease) in liabilities:		
Accounts payable	22,246	(3,124)
Funds held in trust	14,998	(10,308)
Accrued liabilities	(25,036)	25,644
Net cash from (used by) operating activities	704,548	121,860
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(1,162,911)	(221,618)
Proceeds of investments	661,836	123,849
Purchase of investments	(742,700)	(163,980)
Net cash from (used by) investing activities	(1,243,775)	(261,749)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principle repayment of debt	486,104	(34,653)
Net cash from (used by) financing activities	486,104	(34,653)
<b>NET CHANGE IN CASH</b>	(53,123)	(174,542)
Cash at beginning of year	226,276	400,818
Cash at end of year	\$ 173,153	\$ 226,276
<b>RECONCILIATION OF CASH ACCOUNTS:</b>		
Cash	\$ 125,330	\$ 193,452
Cash - trustee	47,823	32,824
Total cash accounts	\$ 173,153	\$ 226,276
<b>SUPPLEMENTAL DATA:</b>		
Cash paid for:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -

Read accompanying notes to financial statements.

**TALBOT HOUSE MINISTRIES OF LAKE LAND, INC**

**NOTES TO FINANCIAL STATEMENTS**

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

**ORGANIZATION AND NATURE OF ACTIVITIES** - Since 1979, Talbot House Ministries of Lakeland, Inc. (the "Organization"), a non-profit Florida corporation, has provided programs for emergency and recovery services for the needy. The expanded facilities at 814 North Kentucky Avenue meet the needs of hungry and homeless people. The non-residents are provided with warm meals, showers, clothing, and a bed for the night. Those who decide to commit themselves, with their addictions and problems, to a caring staff may be enrolled in the "Trustee Program."

Special programs such as the Trustee Renewal Program (trained by a professional Renewal Program coordinator), medical clinics (manned by paid staff and volunteer doctors and nurses), life-skills classes, and counseling help each individual take steps toward recovery. The addition of a "Transition House" and Block Building on Kentucky Avenue to replace the "Promise Place" apartment house for persons on SSI and trustees, have provided new opportunities for some to continue their climb to independent living.

Members of the staff, the board of directors, the auxiliary, the many volunteers, and donors work together with compassion and diligence to carry on this ministry. The Organization is supported by churches, organizations, corporate gifts, individual contributions, the United Way, and city, county, and federal governments.

**LIQUIDITY** - Assets are presented in the accompanying statements of financial position according to their nearness of conversion to cash, and liabilities according to the nearness of their maturity, and resulting use of cash.

**DONATED MATERIALS, SUPPLIES, AND PROFESSIONAL SERVICES** - The Organization receives various contributed materials, supplies, and professional medical services used primarily for providing food, clothing, and medical services and supplies for people in need.

**TALBOT HOUSE MINISTRIES OF LAKE LAND, INC**

**NOTES TO FINANCIAL STATEMENTS**

**(continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**REVENUE RECOGNITION** - The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions upon which they depend have been met. Government contracts and grants, some of which are cost-reimbursable, are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. The Organization was awarded cost-reimbursable grants of \$217,434 that have not been recognized at June 30, 2024 because qualifying expenditures have not yet been incurred. Revenue from special events is recognized when the event takes place. The Organization recognizes revenue from exchange transactions (such as rent income - program fees) when the service is rendered, thereby satisfying the Organization's performance obligation.

A receivable is recognized by the Organization for outstanding invoices or other known amounts due to it. The Organization considers its receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required. The Organization does not charge interest on outstanding accounts receivable.

Grant receivable at June 30, 2024 and 2023 was \$180,579 and \$98,176 respectfully.

**CASH** - Cash consists of cash in banks. At times, the Organization's cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation. The Organization has not experienced any losses from these accounts. Negative cash balances are reported as due to the bank.

**FEDERAL INCOME TAX** - The Organization is exempt from federal and state income taxes as an organization described under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for income taxes has been made in the financial statements. The Organization does not have any uncertain tax positions or unrelated business income.

**USE OF ESTIMATES** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TALBOT HOUSE MINISTRIES OF LAKE LAND, INC

NOTES TO FINANCIAL STATEMENTS

(continued)

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**PROPERTY AND EQUIPMENT** - Purchases of property and equipment in excess of \$500 are capitalized at cost or, if donated, at the estimated fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

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

*Net assets without donor restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

*Net assets with donor restrictions* - Net assets subject to donor (or certain grantor) restrictions. Some donor-imposed restrictions may be temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**FUNCTIONAL EXPENSES** - The Organization allocates its expenses on a functional basis to its programs and support services. Expenses that can be identified with a specific program or support services are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are primarily allocated based on the amount of employee time involved.

**LEASES** - The Organization accounts for leases under Financial Accounting Standard Board's Accounting Standards Codification (ASC) 842, Leases. For operating leases in which the Organization is the lessee, the lease standard requires the recognition of a right-of-use asset and a lease liability. The Organization calculates operating lease liabilities with a risk-free discount rate, using a comparable period with the lease term, for all asset classes. All lease and non-lease components are combined for all leases. Lease payments for leases with a term of 12 months or less are expensed on a straight-line basis over the term of the lease with no lease asset or liability recognized. Only lease options that the Organization believes are reasonably certain to exercise are included in the measurement of the lease assets and liabilities.

TALBOT HOUSE MINISTRIES OF LAKE LAND, INC

NOTES TO FINANCIAL STATEMENTS

(continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**FAIR VALUE OF FINANCIAL INSTRUMENTS** - The Organization's financial statements, which include cash, promises to give, assets held by others, accounts payable, accrued expenses and deferred support approximate fair values at June 30, 2024.

**MANAGEMENT EVALUATION** - Management has evaluated subsequent events through December 10, 2024, the date which the financial statements were available for issuance.

**NOTE 2 - AGENCY TRANSACTIONS**

The asset account "Cash - trustee" and the liability account "Funds held in trust" represent the cash and rent deposits received by the Organization on behalf of the homeless people. The Organization's policy is to recognize the fair value of the cash received and an offsetting liability until the cash is distributed to the homeless person, at which time the asset and liability are removed from the Organization's books.

**NOTE 3 - LIQUIDITY AND AVAILABILITY**

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

	<u>2024</u>	<u>2023</u>
Cash	\$ 125,330	\$ 193,452
Investments	736,541	526,423
Grant receivable	<u>180,579</u>	<u>98,176</u>
Total	<u>\$ 1,042,450</u>	<u>\$ 818,051</u>

The Organization's investments are highly liquid as there are no preventative lockups or restrictions and they can be readily liquidated to cover operating needs. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its liabilities and other obligations come due.

TALBOT HOUSE MINISTRIES OF LAKE LAND, INC

NOTES TO FINANCIAL STATEMENTS

(continued)

NOTE 4 - INVESTMENTS

Investments securities are carried at quoted market prices, are held for trading purposes, and consist of the following as of June 30:

The components of investment income return are as follows:

	<u>2024</u>	<u>2023</u>
Investment income from interest and dividends	\$ 23,779	\$ 10,122
Investment fees	(2,163)	(1,946)
Net realized gain	167,973	111,024
Net unrealized gain (loss)	<u>(52,822)</u>	<u>(30,879)</u>
Total	<u>\$ 136,767</u>	<u>\$ 88,321</u>

The Organization's investments are exposed to a variety of uncertainties, including interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is possible that changes in the value of these investments could occur in the near term. Such changes could materially affect the amount reported in the statements of the Organization.

**TALBOT HOUSE MINISTRIES OF LAKELAND, INC**

**NOTES TO FINANCIAL STATEMENTS**

(continued)

**NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Organization adheres to the Financial Accounting Standards Board Accounting Standards codification, *Fair Value Measurements and Disclosures*, which defines fair value as the price that should be received for an asset or paid to transfer a liability (an exit price) in the Organization’s principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The standard establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The valuation methodologies used for assets measured at fair value are as follows:

Stock - Stock is carried as fair value based on quoted prices in active markets.

The following table sets forth, by level, within the fair value hierarchy, amounts recorded in the Organization’s financial statements at fair value as on a recurring basis.

As of June 30, 2024:

	Level 1	Level 2	Level 3	Total
Stocks	\$ 474,625	\$ -	\$ -	\$ 474,625
GiveWell Community Foundation	-	261,916	-	261,916
<b>Total</b>	<b>\$ 474,625</b>	<b>\$ 261,916</b>	<b>\$ -</b>	<b>\$ 736,541</b>

**TALBOT HOUSE MINISTRIES OF LAKELAND, INC**

**NOTES TO FINANCIAL STATEMENTS**

(continued)

**NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS** (continued)

As of June 30, 2023:

	Level 1	Level 2	Level 3	Total
Stocks	\$ 254,935	\$ -	\$ -	\$ 254,935
GiveWell Community Foundation	-	271,488	-	271,488
Total	\$ 254,935	\$ 271,488	\$ -	\$ 526,423

**NOTE 6 - PROPERTY AND EQUIPMENT**

Major classes of property and equipment consist of:

	2024	2023
Buildings	\$ 6,198,489	\$ 6,187,914
Furniture and equipment	960,167	897,382
Leasehold improvements	1,796,889	1,723,138
Land	371,875	371,875
Construction in progress	1,014,425	23,559
Vehicles	178,548	153,614
Total property and equipment	10,520,393	9,357,482
Less accumulated depreciation	4,154,693	3,811,942
Net property and equipment	\$ 6,365,700	\$ 5,545,540

**NOTE 7 - LINE OF CREDIT**

The Organization has a \$100,000 unsecured revolving credit agreement with a bank. The balance outstanding at June 30, 2024 and 2023 was zero. The note bears interest at the bank's prime lending rate plus 0.5 per annum and is due on demand. Interest paid in cash during the years ended June 30, 2024 and 2023 was \$3,391 and \$1,662, respectively.

TALBOT HOUSE MINISTRIES OF LAKE LAND, INC

NOTES TO FINANCIAL STATEMENTS

(concluded)

**NOTE 8 - LONG TERM DEBT**

The Organization received funding from the Federal Home Loan Bank in Atlanta (FHLB) under the Affordable Housing Program in the amount of \$500,000. The proceeds were required to be expended on the construction of the Fellowship House. The mortgage is non-interest bearing and is to be forgiven January 2029, provided that the Organization complies with the loan covenants set forth in the agreement.

The Organization received funding from the Federal Home Loan Bank in Atlanta (FHLB) under the Affordable Housing Program in the amount of \$365,000. The proceeds were required to be expended on the construction of the Vermont Place. The mortgage is non-interest bearing and is to be forgiven December 2037, provided that the Organization complies with the loan covenants set forth in the agreement.

Additionally, the Organization is obligated on a \$498,497, 7.19% secured by the real property in Winter Haven, Bank of America loan, payable \$4,549 monthly, including interest. Principal and interest payments begin June 2024 and end May 2029 with a balloon payment.

The aggregate amounts of long term debt maturing are as follows:

Year ending June 30,	
2025	\$ 19,383
2026	20,823
2027	22,371
2028	24,033
Thereafter	<u>411,887</u>
Total long term debt	<u>\$ 498,497</u>

**NOTE 9 - CONCENTRATIONS**

In-kind contributions of materials, supplies and medical services for the years ended June 30, 2024 and 2023 included food, clinic and clothing of \$953,122 and \$1,205,271, respectively. Contributions of, \$852,686 representative 56% of total revenues, was provided by three donors.

TALBOT HOUSE MINISTRIES OF LAKE LAND, INC

NOTES TO FINANCIAL STATEMENTS

(concluded)

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**NOTE 10 - COMMITMENTS AND CONTINGENCIES**

The Organization participates in federal and local programs which are subject to financial and compliance audits to determine compliance with grant requirements. In the event that expenditures would be disallowed, repayment could be required.

**NOTE 11 - NEW ACCOUNTING GUIDANCE IMPLEMENTATION**

On July 1, 2023, the Organization adopted ASU 2016-13 *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ACS 326)*. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to the financial assets measured at amortized cost, including assessments receivable. Adoption of the new guidance had no effect on the financial statements.



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

To the Board of Directors of  
Talbot House Ministries of Lakeland, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Talbot House Ministries of Lakeland, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 10, 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 purpose 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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

*Ramos & Floyd CPAs PLLC*

Lakeland, Florida  
December 10, 2024



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

To the Board of Directors of  
Talbot House Ministries of Lakeland, Inc.

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

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

We have audited Talbot House Ministries of Lakeland, 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 each of the Organization's major federal programs for the year ended June 30, 2024. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

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

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

We are required to be independent of Talbot House Ministries of Lakeland, Inc. and to meet our other ethical responsibilities, in accordance with relevant 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 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.

### ***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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

*Ramos & Floyd CPAs PLLC*

Lakeland, Florida  
December 10, 2024

**TALBOT HOUSE MINISTRIES OF LAKE LAND, INC**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
For the Year Ended June 30, 2024**

Grant or Program Title	Assistance Listing #	Grant / Contract Identification	Total Expenditures
Federal Awards			
Department of Housing and Urban Development /			
Office of Community Planning and Development			
Direct Program			
Continuum of Care Homeless Assistance Competition	14.267	FL0722LAH032103	\$ 22,975
Continuum of Care Homeless Assistance Competition	14.267	FL0722LAH032204	291,663
Continuum of Care Homeless Assistance Competition	14.267	FL0050LAH032213	121,444
Continuum of Care Homeless Assistance Competition Amendment	14.267	FL0050LAH032314	27,907
Continuum of Care Homeless Assistance Competition	14.267	FL0669LAH32105	23,744
Continuum of Care Homeless Assistance Competition	14.267	FL0669LAH032206	68,687
Total program			<u>556,420</u>
Passed through:			
Polk County, Florida			
Community Development Block Grants/Entitlement Grants	14.218	C220003	12,618
Community Development Block Grants/Entitlement Grants	14.218	C230004	60,852
Emergency Solutions Grants Program - Stay Housed	14.218	C220003	41,187
Emergency Solutions Grants Program - Stay Housed	14.218	E230003	51,700
Total Program			<u>166,357</u>
Emergency Solutions Grant-CV3	14.231	TPZ17	63,745
Emergency Solutions Grant RUSH	14.231	TPZ17	65,550
Emergency Solutions Grant Amendment	14.231	TPZ17	71,911
Total Program			<u>201,206</u>
Total Department of Housing and Urban Development / Office of Community Planning and Development			<u>923,983</u>
Total Federal Awards			<u>923,983</u>
State Financial Assistance			
State of Florida Department of Children and Families			
Passed through:			
Homeless Coalition of Polk County, Inc.			
Homeless Challenge Grant	60.014	HMLCH	3,087
Homeless Challenge Grant	60.014	HMLCH	52,300
Total Program			<u>55,387</u>
State of Florida Department of Health			
Passed through:			
Florida Association of Free and Charitable Clinics	64.136	2023-35	64,974
Florida Association of Free and Charitable Clinics	64.136	2023-35	152,250
Total State of Florida Department of Health			<u>217,224</u>
Volunteer Florida	unknown		3,141
Total State Financial Assistance			<u>275,752</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u>\$ 1,199,735</u>

Read accompanying notes to schedule of expenditures of federal awards and state financial assistance.

**TALBOT HOUSE MINISTRIES OF LAKELAND, INC**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2024**

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**NOTE 1 - GENERAL**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance represents the Federal and State grant activity of the Organization for the year ended June 30, 2024. For fiscal year 2024, the Organization did not elect to use the 10% de minimus indirect cost rate.

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 Requirement for Federal Awards*; therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements of the Organization. Because the Schedule presents only a selected 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.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE 3 - CONTINGENCIES**

Grant monies received by the Organization are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the Organization does not believe that such disallowances, if any, would have a material effect on the financial position of the Organization. Management is not aware of any material questioned or disallowed costs as a result of grant audits in process or completed; however, the possible disallowance by the governmental agency of any item charged to a program cannot be determined at this time.

**NOTE 4 - MATCH REQUIREMENT**

The Organization receives a substantial portion of its support from various funding sources which required a local match. The Organization has satisfied all matching requirements through federal grants and by incurring sufficient eligible expenses. As required under certain contracts, the Organization is required to match varying percentages of contract fund received. This match may be cash, in-kind, or a combination. For the year ended June 30, 2024, the Organization met its matching requirements for related contracts.

**TALBOT HOUSE MINISTRIES OF LAKELAND, INC**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2024**

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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 identified?	_____	Yes	_____ x _____	No
Significant deficiency identified?	_____	Yes	_____ x _____	None reported
Noncompliance material to financial statements noted?	_____	Yes	_____ x _____	No

***Federal Awards***

Internal control over major federal programs:				
Material weakness identified?	_____	Yes	_____ x _____	
Significant deficiency identified?	_____	Yes	_____ x _____	None reported
Type of auditor's report issued on compliance for major federal programs:				Unmodified
Any audit findings required to be reported in accordance with 2 CFR 200.516(a)?	_____	Yes	_____ x _____	No

***Identification of Major Federal Programs***

AL Number	Name of Federal Program or Cluster
14.267	Department of Housing and Urban Development/ Office of Community Planning and Development

Dollar threshold used to distinguish between Type A and Type B programs:		\$ 750,000		
Auditee qualified as low-risk auditee?	_____	Yes	_____ x _____	No

**TALBOT HOUSE MINISTRIES OF LAKE LAND, INC**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2024**

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**Section II - Financial Statement Findings**

This section identifies significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no financial statement findings required to be reported in accordance with *Government Auditing Standards*.

**Section III - Major Federal Program Findings and Questioned Costs**

This section identifies significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any material abuse findings, related to the audit of major federal programs, as required to be reported by 2 CFR 200.516(a).

There were no findings required to be reported by 2 CFR 200.516(a).

**Section IV - Status of Prior Year Audit Findings**

2023: No audit. No findings reported.

Type of Finding: No findings required to be reported by 2. CFR 200.516(a).