

FATHERS INCORPORATED
(Non-Profit Organization)

Audited Financial Statements
and Single Audit Report

For the Year Ended December 31, 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Fathers Incorporated
(Non-Profit Organization)
Atlanta, Georgia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Fathers Incorporated** (a non-profit organization) (the Organization), which comprise the statement of financial position as of December 31, 2023, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Fathers Incorporated** as of December 31, 2023, and the changes in its net assets, and its cash flows for the year then ended in conformity 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of **Fathers Incorporated** 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 these 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 Fathers Incorporated'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 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 **Fathers Incorporated'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 **Fathers Incorporated'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 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 September 26, 2024, on our consideration of **Fathers Incorporated**'s internal control over financial reporting and on our tests of its compliance with the certain provision 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 **Fathers Incorporated**'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 **Fathers Incorporated**'s internal control over financial reporting and compliance.



License No. LLC-317
Expires on December 1, 2026

San Juan, Puerto Rico
September 26, 2024
2024-09-115



DLLC317-23
FATHERS INCORPORATED

FATHERS INCORPORATED
(Non-Profit Organization)

Statement of Financial Position

December 31, 2023

ASSETS

Current Assets:

Cash	\$ 897,832
Accounts Receivable	<u>500,000</u>
Total Current Assets	<u>1,397,832</u>
Total Assets	<u><u>\$ 1,397,832</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	\$ 326,820
Accrued Expenses	29,288
Accrued Salaries and Payroll Taxes	98,266
Deferred Revenues	<u>12,500</u>
Total Current Liabilities	466,874

Long-Term Liabilities:

Accrued Interest	5,980
Note Payable	<u>150,000</u>
Total Liabilities	<u>155,980</u> 622,854

Net Assets:

With Donor Restrictions	500,000
Without Donor Restrictions	<u>274,978</u>
Total Net Assets	<u>774,978</u>
Total Liabilities and Net Assets	<u><u>\$ 1,397,832</u></u>

The Notes to Financial Statements are an integral part of this Statement.

FATHERS INCORPORATED
(Non-Profit Organization)

Statement of Activities

December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<u>REVENUES AND SUPPORT</u>			
Contracts Income	\$ -	\$ 5,255,395	\$ 5,255,395
Contributions and Donations	-	11,500	11,500
Grant Income	-	1,034,242	1,034,242
Net Assets Released from Restrictions	5,801,137	(5,801,137)	-
Total Revenues and Support	5,801,137	500,000	6,301,137
<u>OTHER REVENUES</u>			
Training Fees	17,500	-	17,500
Others	1,343	-	1,343
Total Other Revenues	18,843	-	18,843
Total Revenues	5,819,980	500,000	6,319,980
<u>EXPENSES</u>			
Program-Related Expenses:			
Fatherhood Program	896,176	-	896,176
Fatherhood Projects	4,721,105	-	4,721,105
Others	82,083	-	82,083
	5,699,364	-	5,699,364
Supporting Services:			
General and Administrative	437,497	-	437,497
	437,497	-	437,497
Total Expenses	6,136,861	-	6,136,861
Change in Net Assets	(316,881)	500,000	183,119
Net Assets at Beginning of Year	591,859	-	591,859
Net Assets at End of Year	\$ 274,978	\$ 500,000	\$ 774,978

The Notes to Financial Statements are an integral part of this Statement.

FATHERS INCORPORATED
(Non-Profit Organization)

Statement of Functional Expenses

For the Year Ended December 31, 2023

Account Name	Fatherhood Programs	Fatherhood Projects	Other Programs	Program Services	Supporting Activities	Total
<u>EXPENSES</u>						
Advertising	\$ 16,920	\$ 1,833	\$ 2,041	\$ 20,794	\$ 3,291	\$ 24,085
Automobile	1,427	-	-	1,427	-	1,427
Bank Service Charges	383	-	-	383	2,537	2,920
Charitable Contributions	1,021	-	-	1,021	3,696	4,717
Contract Services	279,785	562,711	27,824	870,320	119,867	990,187
Employee Benefit	1,896	69,822	-	71,718	-	71,718
Equipment	1,388	-	-	1,388	2,228	3,616
Insurance	9,165	-	-	9,165	5,531	14,696
Interest Expense	-	-	-	-	4,125	4,125
Meals and Entertainment	476	-	25	501	2,699	3,200
Office Furniture	1,205	-	-	1,205	780	1,985
Office Expenses	-	-	-	-	1,687	1,687
Postage/Mailing Expenses	148	-	405	553	1,300	1,853
Printing and Copying	6,763	-	-	6,763	60	6,823
Books and Mags Subscriptions	-	-	-	-	542	542
Subscriptions	18,335	18,071	1,510	37,916	47,073	84,989
Payroll Fees	1,865	2,473	-	4,338	72	4,410
Payroll Taxes	31,906	25,142	-	57,048	11,729	68,777
Special Events	33,875	2,841	27,075	63,791	13,829	77,620
Publishing Expenses	-	4,540	4,832	9,372	-	9,372
Rent	30,918	29,792	-	60,710	25,541	86,251
Salary	417,143	410,897	-	828,040	157,146	985,186
Subcontractor Fees	8,325	3,576,899	-	3,585,224	-	3,585,224
Supplies	9,324	5,270	4,803	19,397	9,596	28,993
Telephone	2,801	10,814	-	13,615	14,378	27,993
Travel	21,107	-	13,568	34,675	9,790	44,465
Total Expenses	\$ 896,176	\$ 4,721,105	\$ 82,083	\$ 5,699,364	\$ 437,497	\$ 6,136,861

The Notes to Financial Statements are an integral part of this Statement.

FATHERS INCORPORATED
(Non-Profit Organization)

Statement of Cash Flows

For the Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in Net Assets	\$ 183,119
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Increase (Decrease) in Assets and Liabilities:	
Accounts Receivable	(500,000)
Accounts Payable	326,820
Accrued Expenses	31,434
Unearned Revenues	<u>12,500</u>
Net Cash Provided by Operating Activities	53,873
Cash at Beginning of Year	<u>843,959</u>
Cash at End of Year	<u><u>\$ 897,832</u></u>

The Notes to Financial Statements are an integral part of this Statement.

FATHERS INCORPORATED
(Non-Profit Organization)

Notes to Financial Statements

For the Year Ended December 31, 2023

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Fathers Incorporated (the Organization) is a national, non-profit entity working to build stronger families and communities through the promotion of responsible fatherhood. Established in 2004, the Organization has a unique seat at the national table, working with leaders in the White House, Congress, U.S. Department of Health & Human Services, Family Law, and the Responsible Fatherhood Movement. The Organization works collaboratively with entities around the country to identify and advocate for social and legislative changes that lead to healthy father involvement with children, regardless of the father's marital or economic status, or geographic location.

The major programs of the Organization are:

- **National Responsible Fatherhood Clearinghouse (NRFC)** - development, promotion, and distribution of a media campaign to encourage the appropriate involvement of parents in the life of any child and specifically the issue of responsible fatherhood, and the development of a national clearinghouse to assist States and communities in efforts to promote and support marriage and responsible fatherhood.
- **Fatherhood FIRE** (Family-focused, Interconnected, Resilient, and Essential) - engages fathers or father figures by providing a broad array of services to promote parenting, co-parenting, father-child engagement. Also works to help participants obtain gainful employment through job search assistance, resume building, and job training initiatives.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Financial Accounting Standards Board ("FASB") has established the Accounting Standards Codification ("ASC") as the source of authoritative accounting principles to be applied in the preparation of financial statements in accordance with GAAP. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

Accordingly, net assets and changes therein are classified and reported as follows:

- Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.
- Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

FATHERS INCORPORATED
(Non-Profit Organization)

Notes to Financial Statements

For the Year Ended December 31, 2023

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated period has elapsed) are reported as reclassifications between the applicable classes of net assets.

The Organization reports gifts of land, buildings, and equipment as revenues without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as revenue with donor restrictions. The Foundation reports expirations of donor's restrictions when the donated or acquired long-lived assets are placed in service.

Contributions

The Organization also elected to adopt FASB ASC Topic 958, "*Non-for-Profit Entities*". In accordance with FASB ASC Topic 958, contributions received are recorded as "without donor restrictions" and "with donor restrictions" support depending on the existence and/or nature. Contributions with donor-imposed restrictions are recorded as increased net assets with donor restriction, depending on the nature of the restriction.

Contributions released from restrictions are recognized as without donor restriction upon receipt of the gift or expiration of the time restriction, and after any donor, stipulations are met. In addition, grant revenues are being recognized as the qualifying expenses under the grants are incurred.

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 the 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 year. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash consists of demand deposits. The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. As of December 31, 2023, the Organization has no cash equivalents.

FATHERS INCORPORATED
(Non-Profit Organization)

Notes to Financial Statements

For the Year Ended December 31, 2023

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Contingencies

Liabilities for loss contingencies, arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability will be incurred, and the amount of the assessment and/or remediation can be reasonably estimated.

Income Taxes

The Organization elected to be treated as a non-for-profit organization under Section 501(c)(3) under the United States Internal Revenue Code. Therefore, no provision for income tax provision for the year ended December 31, 2023, was recorded. Further, management believes that there are no uncertain tax positions; accordingly, no provision for the effects of uncertain tax positions has been recorded in these financial statements.

In-Kind Contributions

Contributions of donated non-cash assets are recognized at their fair values in the period received. Donated services are recognized as contributions if the services require specialized skills, are performed by persons with those skills, and would otherwise be purchased. Many individuals volunteer their time and perform a variety of tasks that assist the Organization with their programs. The in-kind contributions are recognized at their estimate fair values based on placement date with a corresponding amount in expenses in the statement of activities, resulting in no impact on the change in the net assets during the year.

Operating Expenses

Operating costs are recognized as expenses in the period in which they are incurred.

Functional Expenses

The Organization allocates expenses on a functional basis among programs and supporting services. Expenses that can be identified with a specific program or supporting service are charged directly. Other expenses that are common to several functions are allocated using various statistical bases such as headcount or hours worked and effort.

New Accounting Standards Adopted

On July 1, 2019, the Organization adopted ASU 2014-09 Revenue from Contracts with Customers and all subsequent amendments to the ASU (collectively, "ASC 606"), which (i) creates a single framework for recognizing revenue from contracts with customers that fall within its scope and (ii) revises when it is appropriate to recognize a gain (loss) from the transfer of nonfinancial assets, if any. The Organization's accounting policies for revenue sources are within the scope of ASC 606. The adoption of the ASU did not have a cumulative effect on the presentation of the financial statements.

FATHERS INCORPORATED
(Non-Profit Organization)

Notes to Financial Statements

For the Year Ended December 31, 2023

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Leases

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). This ASU supersedes ASC Topic 840 and sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both lessors and lessees. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset ("ROU") and a lease liability for all leases with a term greater than 12 months regardless of their classification.

Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases, and operating leases.

The amendments in this update are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, for any public business entity. For all other entities, the amendments in this update are effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022, with early adoption, permitted.

Exceptions to the applicability of topic 842. Topic 842 does not apply if the contract is cancelable or has an escape clause. Currently, the clauses of the contract there is the possibility of cancellation, so we came to the conclusion that topic 842 does not apply to the Organization.

2. AVAILABILITY AND LIQUIDITY

The Organization manages its liquidity by operating with a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operation needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization operates with a balanced budget and anticipates collecting sufficient revenues to cover general expenditure. The Organization has \$897,832 of financial assets available within 1 year of the statement of financial position date to meet cash needs for general expenditures consisting of cash in demand deposits accounts. As of December 31, 2023, there were no funds subject to donor-imposed restriction that make such funds unavailable for general expenditures within one year of the statement of financial position date.

3. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash accounts in financial institutions. The Organization maintains its cash balances with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization attempts to limit concentration of credit risk due to cash in bank accounts, however its deposit balances may, at times, exceed federally insured limits.

FATHERS INCORPORATED
(Non-Profit Organization)

Notes to Financial Statements

For the Year Ended December 31, 2023

3. CONCENTRATION OF CREDIT RISK, (Continued)

As of December 31, 2023, the Organization had cash deposits of approximately \$647,000 that were in excess of the limited insured by the Federal Deposit Insurance Corporation. Since the cash is deposited in high- standard financial institutions, the risk associated with such concentration is considered minimum. The Organization has not experienced any losses on such accounts.

4. NOTE PAYABLE

As of December 31, 2023, the long-term debt consists of a note payable to the Small Business Administration (SBA) under the Economic Injury Disaster Loan program (EIDL). Facility bears interest at 2.75% and is payable in monthly installments of \$641, including interest and matures on October 16, 2052. As of December 31, 2023, the outstanding balance of EIDL amounted to \$150,000.

As of December 31, 2023, the aggregate principal maturities over the next five years are as follow:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ -
2025	673
2026	3,631
2027	3,732
2028 an thereafter	<u>141,964</u>
Total Minimum Principal Payments	150,000
Less: Current Portion	-
Notes Payable, Long-term Portion	<u><u>\$ 150,000</u></u>

5. COMMITMENTS AND CONTINGENCIES

Commitments

On September 1, 2020, the Organization entered into an operating lease agreement with a third party for an office space located in Dunwoody, Georgia. The monthly basic rent under this agreement amounted to \$4,016. The initial term of the lease expired on September 1, 2021. The Organization renewed the expired operating lease agreement for one additional year expiring on August 31, 2022. Further, on January 17, 2023, the Organization extended its operating lease agreement up to December 31, 2023 ("period of extension"). During the period of the extension, the Organization may opt in or out of renewing the lease.

On January 4, 2018, the Organization entered into a self-storage rental agreement with a third party for self-storage space located in Dunwoody, Georgia. The monthly basic rent under this agreement amounted to \$115. The self-storage rental agreement expired, and it continues under a month-to-month rental.

FATHERS INCORPORATED
(Non-Profit Organization)

Notes to Financial Statements

For the Year Ended December 31, 2023

5. COMMITMENTS AND CONTINGENCIES, (Continued)

On December 10, 2018, the Organization entered into a self-storage rental agreement with a third party for self-storage space located in Dunwoody, Georgia. The monthly basic rent under this agreement amounted to \$187. The self-storage rental agreement expired, and it continues under a month-to-month rental.

On November 16, 2022, the Organization entered into a lease agreement with a third party for Suite N-108 in the building located at 352 University Avenue, Atlanta, GA 30310. The monthly basic rent under this agreement amounted to \$868. The lease agreement expires on November 18, 2023. On November 19, 2023, this lease contract was renewed until November 18, 2024. The monthly basic rent under this agreement amounted to \$902.

On September 24, 2022, the Organization entered into a lease agreement with a third party for Suite N-124 in the building located at 352 University Avenue, Atlanta, GA 30310. The monthly basic rent under this agreement amounted to \$894. The lease agreement expires on September 30, 2023. On October 1, 2023, this lease contract was renewed until September 30, 2024. The monthly basic rent under this agreement amounted to \$930.

On September 24, 2022, the Organization entered into a lease agreement with a third party for Suite N-126 in the building located at 352 University Avenue, Atlanta, GA 30310. The monthly basic rent under this agreement amounted to \$364. The lease agreement expires on September 30, 2023. On October 1, 2023, this lease contract was renewed until September 30, 2024. The monthly basic rent under this agreement amounted to \$379.

Rent expenses during the year ended December 31, 2023, amounted to \$93,338.

Contingencies

The Organization also is subject to a variety of other claims and suits that arise from time to time in the ordinary course of our business. Although management currently believes that resolving claims against the Organization, individually or in aggregate, will not have a material adverse impact on our financial statements, these matters are subject to inherent uncertainties and management's view of these matters may change in the future.

Federal Grants – The Organization receives financial assistance from the federal government in the form of grants and entitlements. Receipt of grants is generally conditioned upon compliance with the terms and conditions of the grant agreements and applicable federal laws and regulations, including the expenditure of resources for eligible purposes. Accordingly, expenditures financed by these programs are subject to financial and compliance audits by the grantor agencies, which could result in a request for reimbursement by the grantor agencies for expenditures if disallowed under the terms of the grants. These amounts, if any, of expenditures, which may be disallowed by the granting agencies, cannot be determined at this time. Management believes that such disallowances if any, will not have a material adverse effect on the financial position of the Organization.

FATHERS INCORPORATED
(Non-Profit Organization)

Notes to Financial Statements

For the Year Ended December 31, 2023

6. NET ASSETS RELEASED FROM RESTRICTIONS

Temporarily restricted net assets carry restrictions that expire upon passage of a prescribed period, or the occurrence of a stated event as specified by the donor, at which time they are reclassified to unrestricted net assets and reported as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same reporting period are reflected as additions and reductions to temporarily restricted net assets.

7. SUBSEQUENT EVENTS

The Organization evaluated subsequent events through September 26, 2024, the date that the financial statements were available to be issued. There were no subsequent events considered material that would require any disclosures of these financial statements.

FATHERS INCORPORATED
(Non-Profit Organization)

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2023

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Assisting Listing Number</u>	<u>Pass-Through Entity Identify Number</u>	<u>Passed Through to Subrecipient</u>	<u>Total Federal Expenditures</u>
<u>DIRECT PROGRAMS FROM:</u>				
US Department of Health and Human Services (HHS)				
Healthy Marriage and Responsible Fatherhood	93.086	N/A	\$ -	<u>\$ 869,812</u>
Total Expenditures of Federal Awards				<u><u>\$ 869,812</u></u>

See Independent Auditors' Report

FATHERS INCORPORATED
(Non-Profit Organization)

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2023

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal award (the "Schedule") includes the federal awards activity of **Father Incorporated**, (hereinafter "Organization"), under programs of the federal government for the year ended December 31, 2023. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("*Uniform Guidance*"). 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.

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, Cost Principles for Non-profit Organizations, wherein certain types of expenditures are not allowable or are limited to reimbursement.

3. SCHEDULE NOT IN AGREEMENT WITH OTHER FEDERAL AWARDS REPORTING

The information included in the Schedule may not fully agree with other federal award reports, submitted directly to federal grantor agencies because, among other reasons, the award report may (a) be prepared for a different fiscal period and (b) include cumulative data (from prior years) rather than data from the current year only.

4. RELATIONSHIP TO THE STATEMENT OF ACTIVITIES

The reconciliation of expenses in the Statement of Activities and Changes in Net Assets to the total expenditures of federal awards in the Schedule of Expenditures of Federal Awards is as follows:

Expenses per Statements of Activities and Changes in Net Assets	\$ 6,136,861
Less: Unrestricted Funds Expenditures (Non-Federal)	(5,267,049)
Depreciation Expense in Federal Programs	<u>-</u>
Total Expenditures of Federal Awards in the Schedule of Expenditures of Federal Awards	<u><u>\$ 869,812</u></u>

5. INDIRECT COST

To charge indirect costs to a federal award, the Organization has not prepared or submitted an indirect cost proposal as permitted by CFR 200.414 of the Uniform Guidance, nor elected the 10% minimis indirect cost rate.

FATHERS INCORPORATED
(Non-Profit Organization)

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2023

6. GENERAL OBJECTIVES

The federal program objectives administered by the Organization is:

Healthy Marriage and Responsible Fatherhood

Under the Family, Relationship, and Marriage Education Works opportunity, the purpose is to fund projects that provide healthy marriage activities and integrate career advancement opportunities for adults. Under the Relationships, Education, Advancement, and Development for Youth for Life opportunity, the purpose is to provide healthy marriage promotion services to support youth in late adolescence to early adulthood. Under the Fatherhood - Family-focused, Interconnected, Resilient, and Essential opportunity, the purpose is to fund Responsible Fatherhood promotion projects to promote healthy relationships, strengthen positive father-child engagement, and improve economic stability opportunities for adult fathers. For the Child Welfare Services to Tribal Families at Risk of Child Abuse or Neglect Tribal Temporary Assistance for Needy Families (TANF) Child Welfare (TTCW) opportunity, the purpose is to fund projects to test the effectiveness of tribal governments in the provision to tribal families at risk of child abuse or neglect.

7. SUBRECIPIENTS

For the year ended December 31, 2023, the Organization did not provide federal awards to any subrecipients.



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**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 of
Fathers Incorporated
(Non-Profit Organization)
Atlanta, Georgia

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 **Fathers Incorporated**, (a Georgia nonprofit organization) (the Organization), which comprise the statement of financial position as of December 31, 2023, 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 September 26, 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 have not been 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, noncompliance with which could have a direct and material effect on the financial statement. 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 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.



License No. LLC-317
Expires December 1, 2026

San Juan, Puerto Rico
September 26, 2024
2024-09-116



DLLC317-24
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED
BY UNIFORM GUIDANCE

To the Board of Directors of
Fathers Incorporated
(Non-Profit Organization)
Atlanta, Georgia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited **Fathers Incorporated's** (a nonprofit organization) (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 December 31, 2023. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, **Fathers Incorporated's** (a nonprofit organization) 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 December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 each major federal program. Our audit does not provide a legal determination of **Fathers Incorporated'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 **Fathers Incorporated'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 **Fathers Incorporated'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 Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about **Fathers Incorporated'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 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 **Fathers Incorporated'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.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance.

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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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



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Expires December 1, 2026

San Juan, Puerto Rico
September 26, 2024
2024-09-117



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FATHERS INCORPORATED
(Non-Profit Organization)

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2023

SECTION I - SUMMARY OF AUDITORS' RESULTS

Identification of major programs:

Financial Statements

Type of auditors' report issued: Unmodified Opinion Qualified Opinion

Internal Control Over Financial Reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal Control Over Major Programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified not considered to be material weaknesses? Yes No

Type of auditors' report issued on compliance for major programs? Unmodified Opinion Qualified Opinion

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

Name of Federal Program or Cluster	ALN Number
Healthy Marriage and Responsible Fatherhood	93.086

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

Auditee qualified as low-risk auditee? Yes No

See Independent Auditors' Report.

FATHERS INCORPORATED
(Non-Profit Organization)

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2023

SECTION II - FINANCIAL STATEMENTS FINDING

The Audit of the financial statements of the Organization as of and for the year ended December 31, 2023, disclosed no Matters Involving Internal Control Over Financial Reporting and its Operations.

FATHERS INCORPORATED
(Non-Profit Organization)

Schedule of Summary of Prior Year

For the Year Ended December 31, 2023

SECTION III - SUMMARY OF PRIOR AUDIT FINDINGS

The single audit of the Organization under the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) for the year ended December 31, 2022, disclosed no instances of non-compliance



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September 26, 2024

To the Board of Directors of
Fathers Incorporated
(Non-Profit Organization)
Atlanta, Georgia

The stockholders and staff of De Angel & Compañía, CPA, LLC, are pleased to announce the successful completion of an independent peer review of our accounting and auditing practice. This review was undertaken as a condition of membership in the American Institute of Certified Public Accountants (AICPA), the national organization of CPAs in public practice, industry, government, and education.

In 1988, the members of the AICPA overwhelmingly approved a proposal to require members in public practice to participate in a practice-monitoring program. With the adoption of this proposal, the AICPA implemented a peer review program of unprecedented scope in the CPA profession or any other. Our participation in peer review demonstrates our firm's desire to measure up to the profession's high standards of professionalism and our commitment to maintaining and improving the quality of our practice.

In August 2000, the Puerto Rico Society of CPAs (PRSCPA) adopted a voluntary peer review program, which follows the lead established by the AICPA.

Our peer review was conducted by **Román Toro & Co., CPA, PSC**, an independent firm (the Reviewer). The Reviewer first determined that we have an adequate quality control system, and then checked to see that professional standards were followed in a representative sample of our accounting and auditing engagements.

After a thorough study of our policies and procedures, the Reviewer concluded our firm complies with the stringent quality control standards established by the AICPA and the PRSCPA. Our firm is committed to periodic peer review to foster quality performance.

Bankers, bonding agents, investors, suppliers, legal advisors, and others use the financial statements our firm audits, reviews, or compiles. We think those people, our clients, and our staff deserve the independent quality assurance that our firm provides quality services. We are proud of our peer review results and would be happy to answer any questions you might have.

Sincerely,

Carlos De Ángel Ramírez
President

Report on the Firm's System of Quality Control

To the Partners of De Angel & Compañía, CPA, LLC
and the Peer Review Committee of the Puerto Rico Society of CPAs.

We have reviewed the system of quality control for the accounting and auditing practice of De Angel & Compañía, CPA, LLC (the firm) in effect for the year ended April 30, 2021. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Review established by Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit, and an audit of an employee benefit plan.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of De Angel & Compañía, CPA, LLC, in effect for the year ended April 30, 2021 has been suitable designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firm can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. De Angel & Compañía, CPA, LLC, has received a peer review rating of pass.



ROMAN TORO & CO., CPA, P.S.C.
LICENSE #35 - IN FORCE
Expires December 1, 2023

Yauco, Puerto Rico
February 28, 2022

Stamp Number E468205 was
affixed to the original of this report