

Saltmarsh

Saltmarsh, Cleaveland & Gund

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

GULF COAST KID'S HOUSE, INC.

PENSACOLA, FLORIDA

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

GULF COAST KID'S HOUSE, INC.

PENSACOLA, FLORIDA

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

CONTENTS

	PAGE
Audited Financial Statements:	
Independent Auditor's Report	1
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements	8
Supplementary Information:	
Schedule of Expenditures of State Financial Assistance	16
Other Reports and Schedule:	
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 <i>Government Auditing Standards</i>	17
Independent Auditor's Report on Compliance for Each Major State Project and on Internal Control Over Compliance Required by Chapter 10.650, Rules of the Auditor General	19
Schedule of Findings and Questioned Costs	21

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Gulf Coast Kid's House, Inc.
Pensacola, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Gulf Coast Kid's House, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Gulf Coast Kid's House, Inc.
Pensacola, Florida

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Gulf Coast Kid's House, Inc. as of June 30, 2020 and 2019, 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.

Other Matters

Other 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 state financial assistance, as required by 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 information 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 January 20, 2021, on our consideration of Gulf Coast Kid's House, 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 Gulf Coast Kid's House, 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 Gulf Coast Kid's House, Inc.'s internal control over financial reporting and compliance.



Pensacola, Florida
January 20, 2021

GULF COAST KID'S HOUSE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

ASSETS

	2020	2019
Current Assets:		
Cash and cash equivalents	\$ 1,412,754	\$ 723,139
Unconditional promises to give, net of allowance for doubtful accounts of approximately \$12,000 and \$7,000 for 2020 and 2019, respectively	73,682	23,999
Grant and other receivables	153,678	278,868
Prepaid expenses and other current assets	42,267	28,407
Total current assets	1,682,381	1,054,413
Noncurrent Assets:		
Property and equipment, net	2,614,273	2,691,560
Unconditional promises to give, net of allowance for doubtful accounts of approximately \$3,000 and \$3,000 for 2020 and 2019, respectively	3,339	24,502
Total noncurrent assets	2,617,612	2,716,062
Total Assets	\$ 4,299,993	\$ 3,770,475

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable	\$ 33,122	\$ 45,336
Accrued expenses	68,199	97,823
Deferred revenue	44,450	-
Notes payable	301,420	-
Total current liabilities	447,191	143,159
Net Assets:		
Without donor restrictions	3,498,082	3,449,131
Without donor restrictions - contractually limited to CPT program	247,153	171,161
With donor restrictions	107,567	7,024
Total net assets	3,852,802	3,627,316
Total Liabilities and Net Assets	\$ 4,299,993	\$ 3,770,475

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

GULF COAST KID'S HOUSE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	2020 Total
Operating Activities:			
Support and Revenue:			
Contributions, including in-kind donations of \$42,202	\$ 452,007	\$ 100,701	\$ 552,708
Grants, including amounts contractually limited to the CPT program	1,668,052	-	1,668,052
Rent income	63,944	-	63,944
Charges for services	411,631	-	411,631
Total support and revenue	<u>2,595,634</u>	<u>100,701</u>	<u>2,696,335</u>
Net Assets Released From Restrictions:			
Satisfaction of usage requirements	158	(158)	-
Total operating support and revenue	<u>2,595,792</u>	<u>100,543</u>	<u>2,696,335</u>
Expenses:			
Program services -			
Child protection team, including in-kind donations of \$11,379	1,685,967	-	1,685,967
Partner agency support	270,142	-	270,142
Advocacy, including in-kind donations of \$131	190,110	-	190,110
Prevention	89,533	-	89,533
Supporting services -			
General and administrative, including in-kind donations of \$29,021	98,041	-	98,041
Fundraising, including in-kind donations of \$1,671	139,922	-	139,922
Total expenses	<u>2,473,715</u>	<u>-</u>	<u>2,473,715</u>
Change in net assets from operating activities	122,077	100,543	222,620
Nonoperating Activities:			
Interest income	2,866	-	2,866
Change in Net Assets	124,943	100,543	225,486
Net Assets at Beginning of Year	<u>3,620,292</u>	<u>7,024</u>	<u>3,627,316</u>
Net Assets at End of Year	<u>\$ 3,745,235</u>	<u>\$ 107,567</u>	<u>\$ 3,852,802</u>

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

GULF COAST KID'S HOUSE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	2019 Total
Operating Activities:			
Support and Revenue:			
Contributions, including in-kind donations of \$144,997	\$ 733,378	\$ 286	\$ 733,664
Grants, including amounts contractually limited to the CPT program	1,555,432	-	1,555,432
Rent income	63,091	-	63,091
Charges for services	353,360	-	353,360
Total support and revenue	<u>2,705,261</u>	<u>286</u>	<u>2,705,547</u>
Net Assets Released From Restrictions:			
Satisfaction of usage requirements	9,271	(9,271)	-
Total operating support and revenue	<u>2,714,532</u>	<u>(8,985)</u>	<u>2,705,547</u>
Expenses and Nonreciprocal Transfers:			
Program services -			
Child protection team	1,523,067	-	1,523,067
Partner agency support, including in-kind donations of \$6,195	332,590	-	332,590
Advocacy, including in-kind donations of \$3,733	179,305	-	179,305
Prevention, including in-kind donations \$500	91,330	-	91,330
Supporting services -			
General and administrative, including in-kind donations of \$47,514	132,665	-	132,665
Fundraising, including in-kind donations of \$78,130	205,984	-	205,984
Total expenses	<u>2,464,941</u>	<u>-</u>	<u>2,464,941</u>
Nonreciprocal transfers to GCKH Future Fund	450,000	-	450,000
Total expenses and nonreciprocal transfers	<u>2,914,941</u>	<u>-</u>	<u>2,914,941</u>
Change in net assets from operating activities	(200,409)	(8,985)	(209,394)
Nonoperating Activities:			
Interest income	1,231	-	1,231
Change in Net Assets	(199,178)	(8,985)	(208,163)
Net Assets at Beginning of Year	<u>3,819,470</u>	<u>16,009</u>	<u>3,835,479</u>
Net Assets at End of Year	<u>\$ 3,620,292</u>	<u>\$ 7,024</u>	<u>\$ 3,627,316</u>

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

GULF COAST KID'S HOUSE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2020 AND 2019

	2020						
	Program Services				Supporting Services		Total
	Child Protection Team	Partner Agency Support	Advocacy	Prevention	General and Administrative	Fundraising	
Salaries and related costs	\$ 1,427,856	\$ -	\$ 165,607	\$ 77,604	\$ 28,959	\$ 104,334	\$ 1,804,360
Utilities	2,324	45,576	-	-	-	-	47,900
Repairs and maintenance	377	21,327	-	-	-	-	21,704
Marketing	-	-	-	-	-	785	785
Insurance	9,420	25,816	-	-	-	-	35,236
Depreciation	-	107,914	-	-	-	-	107,914
Bad debt expense	224	-	-	-	9,300	-	9,524
In-kind expense	11,379	-	131	-	29,021	1,671	42,202
Supplies	17,208	5,473	168	2,202	1,498	5,863	32,412
Cleaning	-	21,285	-	-	-	-	21,285
Rent	41,569	32	773	1,220	773	2,029	46,396
Pass-through grants	-	80,000	-	-	-	-	80,000
Contracted services	95,458	750	-	1,410	7,775	-	105,393
Other	29,778	12,343	23,431	7,097	20,715	25,240	118,604
	<u>1,635,593</u>	<u>320,516</u>	<u>190,110</u>	<u>89,533</u>	<u>98,041</u>	<u>139,922</u>	<u>2,473,715</u>
Facility expense allocation	50,374	(50,374)	-	-	-	-	-
Total expenses	<u>\$ 1,685,967</u>	<u>\$ 270,142</u>	<u>\$ 190,110</u>	<u>\$ 89,533</u>	<u>\$ 98,041</u>	<u>\$ 139,922</u>	<u>\$ 2,473,715</u>

	2019						
	Program Services				Supporting Services		Total
	Child Protection Team	Partner Agency Support	Advocacy	Prevention	General and Administrative	Fundraising	
Salaries and related costs	\$ 1,249,546	\$ 1,667	\$ 157,214	\$ 75,888	\$ 61,172	\$ 68,643	\$ 1,614,130
Utilities	-	53,273	-	-	-	-	53,273
Repairs and maintenance	-	28,117	-	-	-	-	28,117
Marketing	-	395	-	-	-	225	620
Insurance	7,077	24,626	-	-	-	-	31,703
Depreciation	-	102,679	-	-	-	-	102,679
Bad debt expense	40	-	-	-	3,661	-	3,701
In-kind expense	-	6,195	3,733	500	47,514	78,130	136,072
Supplies	5,688	11,139	157	446	487	6,480	24,397
Cleaning	-	19,923	-	-	-	-	19,923
Rent	40,194	32	622	622	623	786	42,879
Pass-through grants	-	102,000	-	-	-	-	102,000
Contracted services	110,346	2,960	-	778	13,802	-	127,886
Other	59,800	29,960	17,579	13,096	5,406	51,720	177,561
	<u>1,472,691</u>	<u>382,966</u>	<u>179,305</u>	<u>91,330</u>	<u>132,665</u>	<u>205,984</u>	<u>2,464,941</u>
Facility expense allocation	50,376	(50,376)	-	-	-	-	-
Total expenses	<u>\$ 1,523,067</u>	<u>\$ 332,590</u>	<u>\$ 179,305</u>	<u>\$ 91,330</u>	<u>\$ 132,665</u>	<u>\$ 205,984</u>	<u>\$ 2,464,941</u>

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

GULF COAST KID'S HOUSE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Cash Flows From Operating Activities:		
Change in net assets	\$ 225,486	\$ (208,163)
Adjustments to reconcile change in net assets to net cash provided by operating activities -		
Depreciation	107,914	102,679
Loss on disposal of fixed assets	59	3,339
Bad debt expense	9,524	3,701
Nonreciprocal transfer	-	450,000
Changes in operating assets and liabilities -		
Unconditional promises to give	(38,044)	25,655
Grant and other receivables	125,190	(54,770)
Prepaid expenses and other current assets	(13,860)	2,796
Accounts payable	(12,214)	5,677
Accrued expenses	(29,624)	6,952
Deferred revenue	44,450	(1,817)
Net cash provided by operating activities	<u>418,881</u>	<u>336,049</u>
Cash Flows From Investing Activities:		
Purchases of property and equipment	(30,686)	(98,741)
Nonreciprocal transfer	-	(450,000)
Net cash used in investing activities	<u>(30,686)</u>	<u>(548,741)</u>
Cash Flows From Financing Activities:		
Proceeds from note payable	<u>301,420</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	689,615	(212,692)
Cash and Cash Equivalents at Beginning of Year	<u>723,139</u>	<u>935,831</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,412,754</u>	<u>\$ 723,139</u>

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

GULF COAST KID’S HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization:

The Gulf Coast Kid’s House, Inc. (the “Kid’s House”) is a Florida corporation formed in 1998 for the purpose of building and operating a Children’s Advocacy Center (“CAC”) in Escambia County, Florida. The facility houses representatives of the various organizations now working with victims of child abuse. This multi-disciplinary team of professionals includes law enforcement, Department of Children and Families, State Attorney’s Office, the medical community, and the mental health community. The facility provides child victims of sexual and physical abuse a child friendly physical location where they can tell their experience of abuse in one interview as opposed to the multiple interviews that are necessary in the traditional system. The Kid’s House also operates the Child Protection Team (“CPT”) program, which is a medically directed, multidisciplinary program that works with law enforcement and the Department of Children and Families in cases of child abuse and neglect to supplement investigation activities.

Basis of Accounting:

The Kid’s House follows standards of accounting and financial reporting prescribed for nonprofit organizations. The Kid’s House uses the accrual basis of accounting, which recognizes revenues when earned and expenses when incurred. Contributions are recognized when donors make promises to give that are unconditional, in substance. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. An allowance for uncollectible pledges is provided based on management’s evaluation of potential uncollectible pledges receivable.

Revenue earned and contributions received are recorded as with or without donor restrictions, depending on the existence or nature of any restrictions. Contributions that are restricted by the donor are reported as increases in net assets without restrictions if the restriction expires in the reporting period in which support is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. A restriction expires when either a stipulated time restriction ends, or a purpose restriction is accomplished. Thus, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

GULF COAST KID'S HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation:

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

Net Assets Without Donor Restrictions – Net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by the action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

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 fulfilled by actions of the Kid's House pursuant to imposed stipulations or by the passage of time. Other donor restrictions are permanent in nature, whereby the donor has stipulated that the funds be maintained in perpetuity but permits the Kid's House to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents:

The Kid's House considers all liquid investments with an original maturity of three months or less to be cash equivalents.

Property and Equipment:

In accordance with the Kid's House capitalization policy, capital assets which equal or exceed \$2,500 and that materially increase values, change capacities, or extend useful lives are capitalized. Repairs and maintenance costs are charged to operations when incurred. Property and equipment are recorded at cost and are depreciated using the straight-line method over the estimated useful lives of the assets.

GULF COAST KID'S HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued):

Estimated useful lives are generally as follows:

Building and improvements	5 - 40 years
Furniture, fixtures and equipment	5 - 20 years
Parking lot improvements	10 - 40 years

Grants and Contracts:

Revenue from grants and contracts, awarded to and accepted by the Kid's House, is recognized as earned, that is, as the related allowable costs are incurred or the performance of milestones are achieved under the grant or contract agreements. Management considers all grants and contracts receivables to be fully collectible; therefore, no allowance for uncollectible accounts related to grants and contracts has been established.

Rent Income:

The various organizations with representatives housed in the Kid's House building pay monthly rent to the Kid's House. Rent amounts are based on lease agreements and are recognized as income when due under the terms of the agreements.

Charges for Services:

Revenue for charges for services, such as medical exams and other services provided by CPT, is recognized as earned, that is when services are provided. Management considers all receivables for charges for services to be fully collectible; therefore, no allowance for uncollectible accounts related to charges for services has been established.

Payroll and Facility Expense Allocations:

Payroll expenses for employees are allocated to programs based on the proportion of which each employee's position benefits the various programs as determined by management.

Facility expenses are allocated to the CPT program based on the portion of square footage which is used by the CPT program.

GULF COAST KID'S HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Donations:

In-kind donations totaling \$42,202 and \$144,997 have been recognized in the accompanying statements of activities for the years ended June 30, 2020 and 2019, respectively. Major goods and services donated to the Kid's House include legal and accounting services, advertising, prizes, and other costs for fund raising events, and office supplies and maintenance expenses. The computation of value for the contributions is based on the fair value of the contributed items or services as of the date received. In-kind donations are reported as support and are expensed or capitalized as an asset in the period received.

Income Taxes:

The Kid's House is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. As a result, there is no provision for taxes in the accompanying financial statements.

Measure of Operations:

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Kid's House's ongoing activities. Non-operating activities are limited to resources considered to be of a more unusual or nonrecurring nature.

Subsequent Events:

Management has evaluated subsequent events through January 20, 2021, which is the date the financial statements were available to be issued.

GULF COAST KID'S HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at June 30, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Amounts due in less than one year	<u>\$ 73,682</u>	<u>\$ 23,999</u>
Amounts due in one to five years	<u>\$ 3,339</u>	<u>\$ 24,502</u>

The Kid's House has established an allowance for uncollectible pledges of approximately \$15,000 and \$10,000 as of June 30, 2020 and 2019, respectively. At June 30, 2020 and 2019, the discount to present value for amounts due in more than one year was not significant.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2020 and 2019 consists of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 290,760	\$ 290,760
Building and improvements	3,069,949	3,015,589
Furniture, fixtures and equipment	162,534	164,116
Parking lot improvements	206,680	206,680
Construction in progress	-	33,350
	<u>3,729,923</u>	<u>3,710,495</u>
Less: accumulated depreciation	<u>(1,115,650)</u>	<u>(1,018,935)</u>
Property and equipment, net	<u>\$ 2,614,273</u>	<u>\$ 2,691,560</u>

The above property and equipment includes property leased by the Kid's House to partner agencies with a cost of approximately \$755,200 and \$749,800 as of June 30, 2020 and 2019, respectively, and accumulated depreciation of approximately \$235,300 and \$213,400 as of June 30, 2020 and 2019, respectively.

**GULF COAST KID’S HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 4 - NOTES PAYABLE

Paycheck Protection Program Loan:

On April 24, 2020, the Kid’s House was granted a loan (the “Loan”) from Hancock Whitney Bank in the aggregate amount of \$301,420, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Loan, which was in the form of a Note dated April 24, 2020, matures on August 9, 2023 and bears interest at a rate of 1% per annum, payable monthly commencing on August 9, 2021. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. The Kid’s House has elected to classify the entire balance of the Loan as current since the Kid’s House intends to repay any portions of the loan which may not be forgiven immediately upon receiving notification that a balance will be due for repayment. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, and utilities incurred during the Kid’s House’s elected Covered Period. The Kid’s House has elected the 24-week (168 days) Covered Period option, which begins the date the Loan commenced and ends October 9, 2020. The Kid’s House intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

NOTE 5 - NET ASSETS

Net assets without donor restrictions includes \$247,153 and \$171,161 limited to the CPT program by contractual agreement with an outside party as of June 30, 2020 and 2019, respectively.

Donor restricted net assets consist of the following as of June 30, 2020 and 2019:

	2020	2019
Prevention	\$ 97,146	\$ -
Summer camp	1,717	1,717
Medical exam table	-	20
Marquee	1,805	-
Building security and upgrades	1,750	3,788
Security for Anderson Street building	5,000	1,212
Car seats	149	287
	\$ 107,567	\$ 7,024

GULF COAST KID’S HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 6 - FACILITY EXPENSE ALLOCATION

The Kid’s House allocates facility expenses from the Partner Agency Support program to the Child Protection Team program based on a rate determined by management using the portion of space occupied by the Child Protection Team in the building and a historical cost analysis of expenses incurred by the Partner Agency Support Program including depreciation, taxes and licenses, insurance, office expenses, repairs and maintenance, utilities, and security expenses. For the years ended June 30, 2020 and 2019, the facility expense allocation was \$50,374 and \$50,376, respectively.

NOTE 7 - DEPOSITORY RISK

The Kid’s House’s cash balances held at financial institutions are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to certain limits. At June 30, 2020, the Kid’s House had cash balances of approximately \$969,000 held by financial institutions in excess of insured limits.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Operating Leases:

The Kid’s House entered into operating leases for certain property and equipment during the year ended June 30, 2020. As of June 30, 2020, future minimum rental payments required under these leases having initial or remaining noncancelable lease terms in excess of one year are as follows:

<u>Year ending June 30,</u>	
2021	\$ 9,730
2022	<u>4,766</u>
	<u>\$ 14,496</u>

Rental expense, including these leases, was \$46,396 and \$42,879 for the years ended June 30, 2020 and 2019, respectively.

COVID-19:

In March 2020, Coronavirus Disease 2019 (“COVID-19”) became a pandemic. As a result, economic uncertainties have arisen that may affect the Kid’s House’s operations. The impact of those uncertainties on the accompanying financial statements cannot be estimated.

GULF COAST KID’S HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 9 - RELATED PARTY TRANSACTIONS

GCKH Future Fund:

GCKH Future Fund, Inc. (“Future Fund”) is a not-for-profit corporation organized for management of an endowment fund and contributions made to such fund on behalf of the Kid’s House. All of the Future Fund’s resources are held for the benefit of the Kid’s House. During the years ended June 30, 2020 and 2019, the Future Fund recognized loss and income of \$538 and \$480,275, respectively, and incurred expenses of \$12,823 and \$7,000, respectively. The Future Fund’s income included nonreciprocal transfers from the Kid’s House of \$450,000 for the year ended June 30, 2019. As of June 30, 2020 and 2019, the Future Fund had assets and equity balances of \$1,131,565 and \$1,144,925, respectively.

Florida Network for Children’s Advocacy Centers:

Florida Network for Children's Advocacy Centers, Inc. (“FNCAC”), a not-for-profit corporation, is a statewide membership organization representing all of the children's advocacy centers in Florida. The executive director of Kid's House served as immediate past President of the Executive Committee of the FNCAC Board of Directors, through November 2020. The executive director is no longer a member of the Executive Committee, but is still a member of the Board of Directors.

The Kid's House received grants from the FNCAC \$229,102 and \$267,674 during the years ended June 30, 2020 and 2019, respectively, for reimbursement of eligible expenses incurred during the periods July 1, 2019 through June 30, 2020 and July 1, 2018 through June 30, 2019. The full amount of each award was expended and the related revenue and expenses are reflected in the statements of activities for each year. As of June 30, 2020 and 2019, Kid’s House had receivables of \$11,295 and \$17,807, respectively, due from FNCAC related to the grants. These amounts are reflected in grant and other receivables on the statements of financial position.

NOTE 10 - LIQUIDITY

Financial assets available for general expenditures within one year of June 30, 2020 are as follows:

Cash and cash equivalents	\$ 1,412,754
Pledges receivable	73,682
Grant and other receivables	<u>153,678</u>
	<u>\$ 1,640,114</u>

At June 30, 2020, all net assets with donor restrictions are available for payment of qualifying expenses, and all financial assets without donor restrictions are available to meet cash needs for general expenditures, except for cash contractually limited to CPT program expenditures and contributions receivable that are not due within the next year.

SUPPLEMENTARY INFORMATION

GULF COAST KID'S HOUSE, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2020

State Grantor, Pass-through Grantor, Program or Cluster Title	CSFA Number	Pass-through Agency's Identifying Number	Expenditures
<u>State of Florida Department of Legal Affairs</u>			
<u>Office of the Attorney General</u>			
Florida Network of Children's Advocacy Centers	41.031	CAC01	\$ 229,102
<u>State of Florida Department of Highway</u>			
<u>Safety and Motor Vehicles</u>			
Stop Child Abuse License Plate & Voluntary Contribution Program	76.123	N/A	5,879
<u>State of Florida Department of Children and Families</u>			
Florida Network of Children's Advocacy Centers	60.124	N/A	7,893
<u>State of Florida Department of Health</u>			
Medical Services for Abused and Neglected Children	64.006	COQXK	<u>740,672</u>
Total Expenditures of State Financial Assistance			<u><u>\$ 983,546</u></u>

NOTE: This schedule is presented on the accrual basis of accounting in accordance with generally accepted accounting principles.

OTHER REPORTS AND SCHEDULE

**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**

Board of Directors
Gulf Coast Kid's House, Inc.
Pensacola, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Gulf Coast Kid's House, Inc. (the "Kid's House") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, 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 January 20, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Kid's House's internal control over financial reporting (internal control) to determine the 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 Kid's House's internal control. Accordingly, we do not express an opinion on the effectiveness of the Kid's House'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Kid's House'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 the audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors
Gulf Coast Kid's House, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Kid's House'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 Kid's House'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 Kid's House's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Pensacola, Florida
January 20, 2021

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR
EACH MAJOR STATE PROJECT AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY
CHAPTER 10.650, RULES OF THE AUDITOR GENERAL**

Board of Directors
Gulf Coast Kid's House, Inc.
Pensacola, Florida

Report on Compliance for the Major State Project

We have audited the compliance of the Gulf Coast Kid's House, Inc. (the “Kid’s House”) with the types of compliance requirements described in the in the *Executive Office of the Governor’s State Project Compliance Supplement* that could have a direct and material effect on the Kid’s House’s major state project for the year ended June 30, 2020. The Kid’s House’s major state project is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its major state project.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for the Kid’s House’s major state project based on our audit of the types of compliance requirements referred to above. 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 Chapter 10.650, Rules of the Auditor General. Those standards and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the Kid’s House’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major state project. However, our audit does not provide a legal determination of the Kid’s House’s compliance.

Opinion on Major State Project

In our opinion, the Kid's House complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state project for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Kid's House is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Kid's House's internal control over compliance with the types of requirements that could have a direct and material effect on the major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major state project and to test and report on internal control over compliance in accordance with Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Kid's House's 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 state project 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 state project 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 state project 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.



Pensacola, Florida
January 20, 2021

GULF COAST KID'S HOUSE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

A. SUMMARY OF AUDITOR'S RESULTS

1. The independent auditor's report expresses an unmodified opinion on the financial statements of Gulf Coast Kid's House, Inc.
2. No significant deficiencies in internal control relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of Gulf Coast Kid's House, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major state project are reported in the Independent Auditor's Report on Compliance for Each Major State Project and on Internal Control Over Compliance Required by Chapter 10.650, Rules of the Auditor General.
5. The auditor's report on compliance for the major state project for Gulf Coast Kid's House, Inc. expresses an unmodified opinion.
6. There are no audit findings relative to the major state project for Gulf Coast Kid's House, Inc. which are required to be reported in accordance with Chapter 10.656, Rules of the Auditor General.
7. The state project tested as a major project consisted of the following:

State Project

Medical Services for Abused and Neglected Children

CSFA No. 64.006

8. The threshold used for distinguishing between Type A and B projects was \$290,932 for major state projects.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

There were no findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

C. FINDINGS AND QUESTIONED COSTS - MAJOR STATE PROJECT

In accordance with Rules of the Auditor General, Section 10.656(3)(e), no management letter is required because there were no findings required to be reported in the management letter.

GULF COAST KID'S HOUSE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

D. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

There were no such findings on which to report.