

GULF COAST KID'S HOUSE, INC.

PENSACOLA, FLORIDA

FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

GULF COAST KID'S HOUSE, INC.

PENSACOLA, FLORIDA

FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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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, 2018 and 2017, 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, 2018 and 2017, 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 October 8, 2018, 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
October 8, 2018

GULF COAST KID'S HOUSE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

ASSETS		
	2018	2017
Current Assets:		
Cash and cash equivalents	\$ 935,831	\$ 739,998
Certificate of deposit	-	239,709
Unconditional promises to give, net of allowance for doubtful accounts of \$26,000 and \$22,000 for 2018 and 2017, respectively	53,475	63,052
Grant and other receivables	224,098	234,928
Prepaid expenses and other current assets	31,203	22,330
Total current assets	1,244,607	1,300,017
Noncurrent Assets:		
Property and equipment, net	2,698,837	2,592,394
Unconditional promises to give, net of allowance for doubtful accounts of \$12,000 and \$16,000 for 2018 and 2017, respectively	24,382	69,380
Total noncurrent assets	2,723,219	2,661,774
Total Assets	\$ 3,967,826	\$ 3,961,791
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 39,659	\$ 70,919
Accrued expenses	90,871	59,871
Deferred revenue	1,817	10,238
Total current liabilities	132,347	141,028
Net Assets:		
Unrestricted	3,688,341	3,703,924
Unrestricted - contractually limited to CPT program	131,129	110,925
Temporarily restricted	16,009	5,914
Total net assets	3,835,479	3,820,763
Total Liabilities and Net Assets	\$ 3,967,826	\$ 3,961,791

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

GULF COAST KID'S HOUSE, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Change in Unrestricted Net Assets:		
Support, Revenue and Gains:		
Contributions, including in-kind donations of \$123,321 and \$106,305 in 2018 and 2017, respectively	\$ 860,332	\$ 710,891
Grants	1,390,674	716,636
Rent income	61,321	78,734
Charges for services	380,021	135,675
Other	2,092	2,388
Total support, revenue and gains	<u>2,694,440</u>	<u>1,644,324</u>
Net Assets Released From Restrictions:		
Satisfaction of usage requirements	<u>1,733</u>	<u>-</u>
Expenses and Nonreciprocal Transfers:		
Program services -		
Child protection team, including in-kind donations of \$203 in 2017	1,472,598	484,553
Partner agency support, including in-kind donations of \$4,914 and \$4,921 in 2018 and 2017, respectively	302,506	355,083
Advocacy, including in-kind donations of \$4,224 in 2018	172,342	197,852
Prevention, including in-kind donations of \$210 and \$1,243 in 2018 and 2017, respectively	65,432	53,190
Supporting services -		
General and administrative, including in-kind donations of \$26,558 and \$50,610 in 2018 and 2017, respectively	134,547	172,795
Fundraising, including in-kind donations of \$87,415 and \$49,328 in 2018 and 2017, respectively	194,127	135,150
Total expenses	<u>2,341,552</u>	<u>1,398,623</u>
Nonreciprocal transfers to GCKH Future Fund	<u>350,000</u>	<u>-</u>
Total expenses and nonreciprocal transfers	<u>2,691,552</u>	<u>1,398,623</u>
Change in unrestricted net assets	<u>4,621</u>	<u>245,701</u>
Change in Temporarily Restricted Net Assets:		
Support, Revenue and Gains:		
Contributions	<u>11,828</u>	<u>3,804</u>
Net Assets Released From Restrictions:		
Satisfaction of usage requirements	<u>(1,733)</u>	<u>-</u>
Total change in temporarily restricted net assets	<u>10,095</u>	<u>3,804</u>
Change in Net Assets	14,716	249,505
Net Assets at Beginning of Year	<u>3,820,763</u>	<u>3,571,258</u>
Net Assets at End of Year	<u>\$ 3,835,479</u>	<u>\$ 3,820,763</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, 2018 AND 2017

	2018						
	Program Services				Supporting Services		Total
	Child Protection Team	Partner Agency Support	Advocacy	Prevention	General and Administrative	Fundraising	
Salaries and related costs	\$ 1,163,954	\$ -	\$ 145,626	\$ 51,727	\$ 66,370	\$ 62,064	\$ 1,489,741
Utilities	4,199	50,234	-	-	-	-	54,433
Repairs and maintenance	-	18,395	-	-	-	-	18,395
Marketing	-	-	-	-	-	215	215
Insurance	41,876	24,898	-	-	-	-	66,774
Interest expense	-	142	-	-	-	-	142
Depreciation	-	98,778	-	-	-	-	98,778
Bad debt expense	-	1,391	-	-	25,650	-	27,041
In-kind expense	-	4,914	4,224	210	26,558	87,415	123,321
Supplies	8,707	3,037	305	12,851	796	2,724	28,420
Cleaning	-	15,593	-	-	-	-	15,593
Rent	34,612	-	644	644	644	644	37,188
Pass-through grants	-	102,610	-	-	-	-	102,610
Contracted services	121,137	3,600	-	-	6,250	-	130,987
Other	47,739	29,288	21,543	-	8,279	41,065	147,914
	<u>1,422,224</u>	<u>352,880</u>	<u>172,342</u>	<u>65,432</u>	<u>134,547</u>	<u>194,127</u>	<u>2,341,552</u>
Facility expense allocation	50,374	(50,374)	-	-	-	-	-
Total expenses	<u>\$ 1,472,598</u>	<u>\$ 302,506</u>	<u>\$ 172,342</u>	<u>\$ 65,432</u>	<u>\$ 134,547</u>	<u>\$ 194,127</u>	<u>\$ 2,341,552</u>

	2017						
	Program Services				Supporting Services		Total
	Child Protection Team	Partner Agency Support	Advocacy	Prevention	General and Administrative	Fundraising	
Salaries and related costs	\$ 330,191	\$ -	\$ 197,044	\$ 35,761	\$ 22,775	\$ 51,861	\$ 637,632
Utilities	7,678	35,862	-	-	-	-	43,540
Repairs and maintenance	569	22,063	-	-	-	-	22,632
Marketing	-	-	-	-	93	1,245	1,338
Insurance	14,460	15,282	-	-	-	-	29,742
Depreciation	-	97,144	-	-	-	-	97,144
Bad debt expense	-	-	-	-	75,345	-	75,345
In-kind expense	203	4,921	-	1,243	50,610	49,328	106,305
Supplies	2,632	3,306	78	16,186	3,199	5,850	31,251
Cleaning	-	13,200	-	-	-	-	13,200
Rent	12,340	717	-	-	3,700	-	16,757
Pass-through grants	-	124,630	-	-	-	-	124,630
Contracted services	100,067	1,000	-	-	9,866	-	110,933
Other	16,413	36,958	730	-	7,207	26,866	88,174
Total expenses	<u>\$ 484,553</u>	<u>\$ 355,083</u>	<u>\$ 197,852</u>	<u>\$ 53,190</u>	<u>\$ 172,795</u>	<u>\$ 135,150</u>	<u>\$ 1,398,623</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, 2018 AND 2017

	2018	2017
Cash Flows From Operating Activities:		
Change in net assets	\$ 14,716	\$ 249,505
Adjustments to reconcile change in net assets to net cash provided by operating activities -		
Depreciation	98,778	97,144
Loss on disposal of fixed assets	303	2,135
Bad debt expense	27,041	75,345
Nonreciprocal transfer	350,000	-
Changes in operating assets and liabilities -		
Unconditional promises to give	27,534	(18,105)
Grant and other receivables	10,830	(223,008)
Prepaid expenses and other current assets	(8,873)	(5,185)
Accounts payable	(31,260)	40,850
Accrued expenses	31,000	58,400
Deferred revenue	(8,421)	10,238
Net cash provided by operating activities	<u>511,648</u>	<u>287,319</u>
Cash Flows From Investing Activities:		
Purchases of property and equipment	(205,524)	(19,067)
Purchases of certificates of deposit	-	(61,052)
Cash transferred from certificates of deposit	239,709	-
Nonreciprocal transfer	(350,000)	-
Net cash used in investing activities	<u>(315,815)</u>	<u>(80,119)</u>
Cash Flows From Financing Activities:		
Proceeds from short-term note payable	75,000	-
Payments on short-term note payable	(75,000)	-
Net cash provided by (used in) investing activities	<u>-</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	195,833	207,200
Cash and Cash Equivalents at Beginning of Year	<u>739,998</u>	<u>532,798</u>
Cash and Cash Equivalents at End of Year	<u>\$ 935,831</u>	<u>\$ 739,998</u>

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

GULF COAST KID’S HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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. Beginning February 18, 2017, 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 unrestricted, temporarily restricted, or permanently restricted, depending on the existence or nature of any restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the reporting period in which support is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. A restriction expires when either a stipulated time restriction ends or a purpose restriction is accomplished. Thus, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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:

GULF COAST KID'S HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued):

Unrestricted net assets - Net assets not subject to donor-imposed stipulations. Unrestricted net assets 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.

Temporarily restricted net assets - Net assets subject to donor-imposed or other third-party stipulations that can be fulfilled by the actions of the Kid's House pursuant to those stipulations or that expire by the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that stipulate the resources be maintained permanently, but permit 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.

Certificate of Deposit:

The certificate of deposit is stated at cost plus accrued interest.

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, 2018 AND 2017

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	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 at June 30, 2018 and 2017 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 plus reimbursement of telephone expenses. 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 at June 30, 2018 to be fully collectible; therefore, no allowance for uncollectible accounts related to charges for services has been established.

In-Kind Donations:

In-kind donations totaling \$123,321 and \$106,305 have been recognized in the accompanying statements of activities for the years ended June 30, 2018 and 2017, 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.

GULF COAST KID’S HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Upcoming Accounting Pronouncement:

The Financial Accounting Standards Board (“FASB”) has issued Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which is to improve the current net asset classification requirements presented in the financial statements and notes about a not-for-profit entity’s liquidity, financial performance, and cash flows. This ASU is effective for fiscal years beginning after December 15, 2017, with retrospective application required.

Subsequent Events:

Management has evaluated subsequent events through October 8, 2018, which is the date the financial statements were available to be issued.

NOTE 2 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at June 30, 2018 and 2017 consist of the following:

	<u>2018</u>	<u>2017</u>
Amounts due in less than one year	<u>\$ 53,475</u>	<u>\$ 63,052</u>
Amounts due in one to five years	<u>\$ 24,382</u>	<u>\$ 69,380</u>

The Kid’s House has established an allowance for uncollectible pledges of \$38,000 as of June 30, 2018 and 2017. At June 30, 2018 and 2017, the discount to present value for amounts due in more than one year was not significant.

GULF COAST KID'S HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2018 and 2017 consists of the following:

	2018	2017
Land	\$ 290,760	\$ 184,609
Building and improvements	2,941,290	2,856,817
Furniture, fixtures and equipment	179,974	181,183
Parking lot improvements	200,680	200,680
Construction in progress	14,900	-
	3,627,604	3,423,289
Less: accumulated depreciation	(928,767)	(830,895)
Property and equipment, net	\$ 2,698,837	\$ 2,592,394

The above property and equipment includes property leased by the Kid's House to partner agencies with a cost of approximately \$880,700 and \$879,700 as of June 30, 2018 and 2017, respectively, and accumulated depreciation of approximately \$231,800 and \$207,100 as of June 30, 2018 and 2017, respectively.

NOTE 4 - NET ASSETS

Unrestricted net assets includes \$131,129 and \$110,925 limited to the CPT program by contractual agreement with an outside party as of June 30, 2018 and 2017, respectively.

**GULF COAST KID’S HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 4 - NET ASSETS (Continued)

Temporarily restricted net assets include contributions restricted by donors for specific purposes that have not yet been accomplished. Temporarily restricted net assets at June 30, 2018 and 2017 are presented as follows:

	2018	2017
Pack-n-play	\$ 2,464	\$ 3,804
Summer camp	1,717	2,110
Medical exam table	2,000	-
Building security and upgrades	3,788	-
Security for Anderson Street building	5,000	-
Car seats	1,040	-
	\$ 16,009	\$ 5,914

NOTE 5 - 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 year ended June 30, 2018, the facility expense allocation was \$50,374.

NOTE 6 - 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, 2018, the Kid’s House had cash balances of approximately \$426,000 held by financial institutions in excess of insured limits.

GULF COAST KID’S HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Operating Leases:

The Kid’s House entered into operating leases for certain property and equipment during the year ended June 30, 2018. As of June 30, 2018, 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>	
2019	\$ 10,510
2020	10,510
2021	9,730
2022	<u>4,766</u>
	<u>\$ 35,516</u>

Rental expense, including these leases, was \$37,188 and \$16,757 for the years ended June 30, 2018 and 2017, respectively.

Line of Credit:

The Kid’s House has an agreement for a line of credit with maximum borrowings of \$375,000, bearing interest at a variable rate of prime plus 0.25%, with a minimum of 4% and a maximum of 6.25%. The interest rate at June 30, 2018 was 5.25%. Borrowings on the line of credit require monthly payments of interest only, with the entire principal balance plus all accrued interest due in full on February 3, 2019. The line is collateralized by a mortgage on the property of the Kid’s House. At June 30, 2018, there were no outstanding borrowings on the line of credit.

NOTE 8 - 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, 2018 and 2017, the Future Fund recognized income of \$379,507, including \$350,000 of nonreciprocal transfers from the Kid’s House, and \$61,989, respectively, and incurred expenses of \$4,436 and \$5,467, respectively. As of June 30, 2018 and 2017, the Future Fund had assets and equity balances of \$671,650 and \$296,579, respectively.

GULF COAST KID'S HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 8 - RELATED PARTY TRANSACTIONS (Continued)

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 serves as President of the Executive Committee of the FNCAC Board of Directors.

The Kid's House received grants from the FNCAC \$223,164 and \$205,220 during the years ended June 30, 2018 and 2017, respectively, for reimbursement of eligible expenses incurred during the periods July 1, 2017 through June 30, 2018 and July 1, 2016 through June 30, 2017. 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, 2018 and 2017, Kid's House had receivables of \$64,731 and \$75,210, respectively, due from FNCAC related to the grants. These amounts are reflected in grant and other receivables on the statements of financial position.

SUPPLEMENTARY INFORMATION

GULF COAST KID'S HOUSE, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2018

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	22.016	CAC01	\$ 223,164
Florida Network of Children's Advocacy Centers	22.016	N/A	<u>4,262</u>
Total State of Florida Department of Legal Affairs Office of the Attorney General			227,426
<u>State of Florida Department of Health</u>			
Medical Services for Abused and Neglected Children	64.006	COQXK	<u>550,397</u>
Total Expenditures of State Financial Assistance			<u><u>\$ 777,823</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, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 8, 2018.

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
October 8, 2018

**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, 2018. 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, 2018.

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
October 8, 2018

GULF COAST KID'S HOUSE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

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 \$233,347 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, 2018

D. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

There were no such findings on which to report.