

**CHILDREN'S ADVOCACY CENTER  
OF SW FLORIDA, INC.**

**FINANCIAL STATEMENTS AND SCHEDULES  
REQUIRED BY THE UNIFORM  
GUIDANCE TOGETHER WITH  
REPORTS OF INDEPENDENT AUDITOR**

**YEAR ENDED  
JUNE 30, 2017**

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## **Independent Auditor's Report**

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To the Board of Directors  
Children's Advocacy Center of SW Florida, Inc.  
Fort Myers, Florida 33901

We have audited the accompanying financial statements of Children's Advocacy Center of SW Florida, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 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 audit. 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 and Chapter 10.650, Rules of the Auditor General of the State Of Florida. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

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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.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Children's Advocacy Center of SW Florida, Inc. as of June 30, 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 Federal Awards and State Financial Assistance, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the Florida Single Audit Act (Florida Statute 215.97) and Chapter 10.650 of the Rules of the Auditor General of the State of Florida, 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 December 17, 2017, on our consideration of Children's Advocacy Center of SW Florida, 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 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 internal control over financial reporting or on compliance. That report

Children's Advocacy Center of SW Florida, Inc.

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is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Children's Advocacy Center of SW Florida, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Stroemer & Company, LLC". The signature is stylized and somewhat cursive, with a large initial "S" and "C".

STROEMER & COMPANY, LLC

Fort Myers, Florida

December 17, 2017

**CHILDREN'S ADVOCACY CENTER OF SW FLORIDA, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2017**

	<u>Amount</u>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 893,721
Beneficial interest in assets held by others	10,917
Accounts receivable	919
Grants receivable	257,370
Other receivables	67,526
Prepaid expenses	<u>62,923</u>
TOTAL CURRENT ASSETS	1,293,376
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>2,705,018</u>
TOTAL ASSETS	<u>\$ 3,998,394</u>
<b>LIABILITIES AND NET ASSETS</b>	
<b>CURRENT LIABILITIES</b>	
Current portion of long-term debt	\$ 110,342
Accounts payable	100,852
Accrued payroll	44,797
Accrued compensated absences	98,623
Other accrued liabilities	48,781
Deferred revenue	<u>6,030</u>
TOTAL CURRENT LIABILITIES	409,425
<b>LONG-TERM DEBT, LESS CURRENT PORTION</b>	<u>755,856</u>
TOTAL LIABILITIES	<u>1,165,281</u>
<b>NET ASSETS</b>	
Unrestricted	
Undesignated	2,687,765
Board designated - Chaipel Memorial	<u>11,115</u>
Total unrestricted	2,698,880
Temporarily restricted	<u>134,233</u>
TOTAL NET ASSETS	<u>2,833,113</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,998,394</u>

**CHILDREN'S ADVOCACY CENTER OF SW FLORIDA, INC.**  
**STATEMENT OF ACTIVITIES**  
**Year ended June 30, 2017**

	Unrestricted	Temporarily Restricted	Total
<b>CHANGES IN NET ASSETS</b>			
Grant revenue	\$ -	\$ 1,962,046	\$ 1,962,046
Other contracts, client and agency fees	742,740	-	742,740
Contributions	424,219	-	424,219
United Way	343,850	-	343,850
Fundraising	41,088	-	41,088
Investment income	1,566	-	1,566
TOTAL OPERATING SUPPORT AND REVENUE	1,553,463	1,962,046	3,515,509
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
Satisfaction of program restrictions - grants and contracts	1,961,057	(1,961,057)	-
TOTAL	3,514,520	989	3,515,509
<b>OPERATING EXPENSES</b>			
Program services	2,915,978	-	2,915,978
Supporting services	504,660	-	504,660
TOTAL EXPENSES	3,420,638	-	3,420,638
CHANGE IN TOTAL NET ASSETS	93,882	989	94,871
NET ASSETS, BEGINNING OF YEAR	2,604,998	133,244	2,738,242
NET ASSETS, END OF YEAR	\$ 2,698,880	\$ 134,233	\$ 2,833,113

**CHILDREN'S ADVOCACY CENTER OF SW FLORIDA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year ended June 30, 2017**

	Program Services				Total
	Child	Family		Other	
	Protection Team	Alliance	Prevention	Programs	
Salaries	\$ 997,059	\$ 446,760	\$ 420,680	\$ -	\$ 1,864,499
Fringe benefits	173,046	89,945	88,771	-	351,762
Payroll taxes	76,091	34,761	33,077	-	143,929
Advertising	2,214	3,514	745	-	6,473
Attorney	10,800	-	-	-	10,800
Audit	7,689	4,272	2,278	-	14,239
Bank charges	-	-	-	-	-
Computer	27,600	12,873	6,866	-	47,339
Dues & subscriptions	3,510	1,287	686	-	5,483
Fundraising expense	-	-	-	-	-
Furniture/equipment	4,470	348	367	-	5,185
Insurance	23,782	13,212	9,446	-	46,440
Interest expense	9,523	5,291	2,822	-	17,636
Janitorial	12,247	6,804	3,629	-	22,680
Leased equipment/rentals	17,913	7,564	4,034	-	29,511
Licenses & taxes	1,210	1,056	57	-	2,323
Maintenance	10,911	3,812	4,809	-	19,532
Medical supplies	8,861	-	-	-	8,861
Office expense	2,083	2,673	5,965	-	10,721
Other professional fees	12,526	7,290	3,589	-	23,405
Postage/shipping	1,495	751	401	-	2,647
Printing	2,001	1,076	574	-	3,651
Psychological services	3,080	-	-	-	3,080
Security	679	377	201	-	1,257
Supplies	15,413	6,384	16,938	-	38,735
Telephone	24,657	2,206	6,732	-	33,595
Training & education	313	431	5,224	-	5,968
Transcription	12,667	-	-	-	12,667
Travel & conferences	23,465	5,525	12,517	-	41,507
Utilities	16,225	9,016	8,943	-	34,184
X-ray & lab	3,235	-	-	-	3,235
<b>TOTAL</b>					
<b>EXPENSES BEFORE</b>					
<b>DEPRECIATION</b>	1,504,765	667,228	639,351	-	2,811,344
Depreciation	56,502	31,390	16,742	-	104,634
<b>TOTAL EXPENSES</b>	<u>\$ 1,561,267</u>	<u>\$ 698,618</u>	<u>\$ 656,093</u>	<u>\$ -</u>	<u>\$ 2,915,978</u>



**CHILDREN'S ADVOCACY CENTER OF SW FLORIDA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES, CONTINUED**  
**Year ended June 30, 2017**

	<u>Supporting Services</u>			Total
	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>	<u>Expenses</u>
Salaries	\$ 277,284	\$ 65,261	\$ 342,545	\$ 2,207,044
Fringe benefits	52,314	16,190	68,504	420,266
Payroll taxes	21,405	4,389	25,794	169,723
Advertising	341	-	341	6,814
Attorney	-	-	-	10,800
Audit	-	-	-	14,239
Bank charges	937	-	937	937
Computer	2,491	-	2,491	49,830
Dues & subscriptions	-	-	-	5,483
Fundraising expense	-	13,377	13,377	13,377
Furniture/equipment	212	-	212	5,397
Insurance	2,457	246	2,703	49,143
Interest expense	17,814	178	17,992	35,628
Janitorial	1,200	120	1,320	24,000
Leased equipment/rentals	1,562	156	1,718	31,229
Licenses & taxes	214	-	214	2,537
Maintenance	1,033	103	1,136	20,668
Medical supplies	-	-	-	8,861
Office expense	9,900	949	10,849	21,570
Other professional fees	-	-	-	23,405
Postage/shipping	180	14	194	2,841
Printing	193	19	212	3,863
Psychological services	-	-	-	3,080
Security	66	7	73	1,330
Supplies	2,049	205	2,254	40,989
Telephone	1,777	178	1,955	35,550
Training & education	-	-	-	5,968
Transcription	-	-	-	12,667
Travel & conferences	327	1,433	1,760	43,267
Utilities	1,809	180	1,989	36,173
X-ray & lab	-	-	-	3,235
	<u>395,565</u>	<u>103,005</u>	<u>498,570</u>	<u>3,309,914</u>
TOTAL EXPENSES BEFORE DEPRECIATION				
Depreciation	5,536	554	6,090	110,724
TOTAL EXPENSES	<u>\$ 401,101</u>	<u>\$ 103,559</u>	<u>\$ 504,660</u>	<u>\$ 3,420,638</u>

**CHILDREN'S ADVOCACY CENTER OF SW FLORIDA, INC.**  
**STATEMENT OF CASH FLOWS**  
**Year ended June 30, 2017**

	<u>Amount</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from grants	\$ 1,983,136
Cash received from contributions	428,514
Cash received from United Way	343,850
Cash received from other contracts, client and agency fees	741,032
Cash received from fundraising	41,088
Interest income received	631
Cash paid to suppliers and employees	(3,203,847)
Interest paid	<u>(6,814)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	327,590
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of property and equipment	<u>(42,906)</u>
NET CASH USED IN INVESTING ACTIVITIES	(42,906)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Repayments on long-term debt	<u>(114,259)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(114,259)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	170,425
Cash and cash equivalents, beginning of year	<u>723,296</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 893,721</u>

**CHILDREN'S ADVOCACY CENTER OF SW FLORIDA, INC.**  
**STATEMENT OF CASH FLOWS, CONTINUED**  
Year ended June 30, 2017

**RECONCILIATION OF CHANGE IN TOTAL NET ASSETS TO  
NET CASH PROVIDED BY OPERATING ACTIVITIES**

	<u>Amount</u>
Change in total net assets	\$ 94,871
Adjustments to reconcile change in total net assets to net cash provided by operating activities:	
Depreciation	110,724
Unrealized gains	(935)
<b>(Increase)/decrease in assets:</b>	
Accounts receivable	1,110
Grants receivable	21,090
Other receivables	(2,818)
Prepaid expenses	5,937
<b>Increase/(decrease) in liabilities:</b>	
Accounts payable	74,339
Accrued payroll	10,363
Accrued compensated absences	(3,077)
Other accrued liabilities	11,691
Deferred revenue	<u>4,295</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 327,590</u>

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

**Organization and nature of operations**

Children's Advocacy Center of SW Florida, Inc. (the "Organization") is a nonprofit organization established under the laws of Florida on February 22, 1984 to improve the lives of children and their families through a coordinated response to child abuse and neglect.

**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. The accounting and reporting policies of the Organization are in accordance with the accounting standards issued by the Financial Accounting Standards Board ("FASB") in the Accounting Standards Codification ("ASC").

**Financial statement presentation**

The Organization adheres to the requirements of the "Not-For-Profit Entities" topic of the FASB ASC. The topic requires the Organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Beneficial interest in assets held by others**

Beneficial interest in assets held by others are investments in marketable securities held by the Southwest Florida Community Foundation, Inc. They are reported at their fair values in the statement of financial position. Unrealized gains or losses are included in the change of net assets in the statement of activities.

The fair value of the assets with significant observable inputs is determined by the community foundation and is based on the Organizations' investment in their general endowment fund.

**Receivables**

Accounts, grants and other receivables are delinquent when they are past due. Management has reviewed accounts, grants, and other receivables at June 30, 2017 and considers them fully collectible; therefore, management has not established an allowance for uncollectible accounts.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Contributions**

The Organization accounts for its contributions in accordance with the "Not-For-Profit Entities" topic of the FASB ASC. In accordance with this topic, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

**Statement of cash flows**

For purposes of reporting cash flows, the Organization considers only highly liquid investments held for operations and purchased with an original maturity of three months or less to be cash equivalents. It does not consider highly liquid cash equivalents held for investment (non-operating) purposes in reporting cash flows.

**Concentrations**

The Organization receives a substantial portion of its support and revenue primarily from federal, state and local grants. If a significant reduction in the level of funding were to occur, it could have an adverse effect on the Organization's programs.

**Recognition of donor restrictions**

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, or when the purpose of the restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets.

**Concentration of credit risk**

The Organization maintains its cash accounts in a financial institution, which, at times, may exceed federally-insured limits. The Organization has not experienced any economic losses on such accounts and believes it is not exposed to any significant credit risk regarding its cash and cash equivalent balances.

**Property and equipment**

Property and equipment is recorded at cost, or if donated, at fair market value on the date of donation. Such donations are reported as unrestricted support unless the donor

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Property and equipment, continued**

has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire furniture and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The cost of assets retired or sold, together with the related accumulated depreciation, is removed from the accounts and any gain or loss from disposition is reported on the statement of activities. The Organization's capitalization policy provides that any additions and capital improvements with a cost or donated value of \$1,000 or more and a useful life of greater than one year to be capitalized.

**Impairment of long-lived assets**

The Organization adheres to the "Property, Plant and Equipment" topic of the FASB ASC to account for the impairment of long-lived assets. This topic requires, among other things, that entities identify events or changes in circumstances which indicate that the carrying amount of an asset may not be recoverable.

There was no effect on the Organization's financial statements resulting from this topic for the year ended June 30, 2017.

**Functional expenses**

The Organization allocates its expenses on a functional basis among its various program and supporting services. Expenses that can be identified with a specific program service are allocated directly according to their natural expenditure classification. Other expenses common to several functions are allocated by various statistical bases.

**Fair value of financial instruments**

The FASB ASC topic "Financial Instruments" clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Fair value of financial instruments, continued**

additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable.

The Organization's financial instruments consist of cash and cash equivalents, receivables, beneficial interest in assets held by others, prepaids, payables, accrued liabilities and deferred revenue. The Organization estimates that the fair values of all financial instruments do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position.

**Income taxes**

The Internal Revenue Service has determined that the Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is a not-for-profit Florida corporation and therefore is not subject to state income taxes. The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. The Organization reports no unrelated business taxable income; however, such status is subject to final determination upon examination of the related tax returns by the appropriate taxing authorities.

The Organization's tax filings are subject to audit by various taxing authorities. Certain income tax returns filed by the Organization remain open to examination by these government agencies. The Organization follows ASC Topic 740, "Income Taxes" in accounting for uncertain tax positions. The Organization has evaluated its tax positions and any estimates utilized in its tax returns, and concluded that the Organization has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Interest and penalties associated with uncertain tax positions will be recognized in income tax expense, if required.

**Management estimates**

The preparation of financial statements in accordance 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Donated materials and services**

Donated land, buildings, equipment, investments, and other non-cash donations are recorded as contributions at their fair market value at their date of donation. The Organization reports the donations as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used.

Donated services that do not require specialized skills or enhance nonfinancial assets are not recorded in the accompanying financial statements because no objective basis is available to measure the value of such services. A substantial number of volunteers have donated significant amounts of their time to the Organization's program services and its fundraising campaigns, the value of which is not recorded in the accompanying financial statements.

**Advertising costs**

Advertising costs are expensed as incurred. During the year ended June 30, 2017, costs related to advertising were \$6,814.

**Deferred revenue**

Funds received for specific activities are deferred until such time as the activity occurs.

**Compensated absences**

The Organization accrues a liability for compensated absences. The amount accrued is recorded based on the total employee's accrued paid time off (PTO) at year end.

**NOTE B - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS**

The Southwest Florida Community Foundation, Inc. ("Southwest") maintains an agency endowment fund (the "Children's Advocacy Center of SW Florida Fund"). The agency endowment fund is not designated and therefore recorded on the statement of financial position of the Organization. During the year ended June 30, 2017, accumulated interest, market fluctuations, and fees have resulted in net changes totaling \$935. For the year ended June 30, 2017, the balance of the fund was \$10,917.



**CHILDREN'S ADVOCACY CENTER OF SW FLORIDA, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE C - GRANTS RECEIVABLE**

Grants receivable as of June 30, 2017 consists of the following:

	<u>Amount</u>
Social Services Block Grant (CPX8B)	\$ 98,257
Florida Network of Children's Advocacy Centers	88,032
Crime Victim Assistance (V137-14210)	55,182
Promoting Safe and Stable Families (BBL02)	12,975
Medical Services for Abused and Neglected Children (CFBFM)	<u>2,924</u>
	<u>\$ 257,370</u>

**NOTE D - OTHER RECEIVABLES**

Other receivables as of June 30, 2017 consists of the following:

	<u>Amount</u>
Lee County Partnering for Results	\$ 20,725
Lee County Medical Exams	14,400
Crimes Compensation	12,000
Family First	10,701
Charlotte County Medical Exams	4,400
Children's Hospital of SW Florida	2,900
Hendry County Medical Exams	1,750
Other	<u>650</u>
	<u>\$ 67,526</u>

**NOTE E - PROPERTY AND EQUIPMENT**

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

	<u>Amount</u>
Building and land	\$ 2,018,291
Leasehold improvements	1,233,459
Furniture and equipment	<u>286,010</u>
	3,537,760
Accumulated depreciation	<u>(832,742)</u>
	<u>\$ 2,705,018</u>

**CHILDREN'S ADVOCACY CENTER OF SW FLORIDA, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE E - PROPERTY AND EQUIPMENT, CONTINUED**

Depreciation expense for the year ended June 30, 2017 was \$110,724.

**NOTE F - LONG-TERM DEBT**

	<u>Amount</u>
Mortgage payable to a third party, collateralized by building, monthly interest and principal payments of \$11,813, with interest at 3.85% until June 2024.	<u>\$ 866,198</u>

Future principal payments for outstanding long-term debt are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 110,342
2019	114,666
2020	119,159
2021	123,829
2022	128,681
Thereafter	<u>269,521</u>
	866,198
Less: current portion	<u>(110,342)</u>
Long-term portion	<u>\$ 755,856</u>

Interest expense for the year ended June 30, 2017 was \$35,628.

**NOTE G - LEASE OBLIGATIONS**

The Organization rents office equipment under various operating leases. The operating leases expire between 2019 and 2022.

**NOTE G - LEASE OBLIGATIONS, CONTINUED**

Future minimum rental payments as of June 30, 2017 are as follows:

Year Ending June 30,	Amount
2018	\$ 29,104
2019	20,530
2020	11,956
2021	11,956
2022	9,569
	<u>\$ 83,115</u>

Lease expense for the year ended June 30, 2017 was \$31,229.

**NOTE H - BENEFIT PLAN**

The Organization maintains a Profit Sharing Plan and Safe Harbor 401(k) Plan.

Employees who have completed at least 1,000 hours of service per year, have attained the age of 18, and who are employed for at least two consecutive years are eligible to receive a profit sharing contribution. For the year ended June 30, 2017, the Organization's contribution was six percent (6%) of eligible compensation to the plan.

Employees who have completed at least 1,000 hours of service per year, have attained the age of 18, and who are employed for at least one year are eligible to participate in the 401(k) Plan. Employees are eligible to enter the plan, on the plan entry dates of January 1 or July 1, depending on when they have attained their one year of service. Under the 401(k) Plan, the Organization contributes a matching contribution equal to 100% of the employees' deferrals which do not exceed four percent (4%) of the employees' compensation.

The total contribution for the 401(k) Plan for the year ended June 30, 2017 was \$138,156.

**NOTE I - ECONOMIC DEPENDENCE**

A substantial part of the Organization's operations is dependent upon the receipt of support from grantor agencies. Loss of these funds and/or large decreases in this type of funding would have a material effect on the Organization and a negative impact on overall operations. For the year ending June 30, 2017, 56% of total support and revenue is attributable to funds received from federal, state and local grantor agencies.

**NOTE J - FUNDRAISING COSTS**

Gross fundraising revenues are reported in support and revenue on the statement of activities, and expenses are reported on the statement of functional expenses. The Organization's Board of Directors provided an integral amount of volunteer hours relating to fundraising.

**NOTE K - MATCHING GRANT REQUIREMENTS**

Children's Advocacy Center of SW Florida, Inc. receives financial assistance under several grants and contracts requiring local match/participation in the form of cash and in-kind. A maximum match/participation amount is established at the time the financial assistance is awarded. However, revenue is earned based on reimbursements and a fee-for-service basis, and can only be recognized to the extent of applicable eligible and allowable disbursement. The match/participation requirement is therefore based on a contracted portion of allowable disbursements.

For the year ended June 30, 2017, Children's Advocacy Center of SW Florida, Inc. has met its match/participation requirements.

**NOTE L - CONTINGENCIES**

**Grants and contracts**

Grant and contract monies received and disbursed by the Organization are for specific purposes and are subject to audit by the respective grantor/contractor agencies. Such audits may result in requests for reimbursements due to disallowed expenditures. At June 30, 2017, the Organization had not been informed of any such potential reimbursements. Based upon prior experience, management of the Organization does not believe such disallowances, if any, would have a material effect on the financial position of the Organization.

**NOTE M - LEE COUNTY GRANTS & CONTRACTS**

Financial support of \$144,189 was recognized as support from Lee County through the Family Alliance and Pine Manor After School and Summer Program. This amount is recognized as other contracts, client and agency fees on the statement of activities. As of June 30, 2017, \$20,725 was due from Lee County for services performed during the year ended June 30, 2017 and is included in other receivables on the statement of financial position.

Financial support of \$229,800 was recognized as support from Lee County for medical examinations performed under the Child Protection Team program. The County pays a flat rate of \$300 to the Organization for each diagnostic medical examination performed. This amount is recognized as a part of other contracts, client and agency fees on the statement of activities. As of June 30, 2017, \$14,400 was due from Lee County for services performed during the year ended June 30, 2017 and is included in other receivables on the statement of financial position.

**NOTE N - AGENCY DESIGNATED ENDOWMENT**

The Southwest Florida Community Foundation ("Southwest") maintains an agency designated fund in the name of the Organization. This agency designated fund is the sole property of Southwest, which has ultimate control and authority over all of the property in the agency designated fund. During the year ended June 30, 2017, accumulated interest, market fluctuations, and fees have resulted in net changes totaling \$239. For the year ended June 30, 2017, the balance of the agency designated fund was \$2,790. Under generally accepted accounting principles, the agency designated fund is not recorded on the statement of financial position of Organization.

**NOTE O - UNITED WAY CONTRACTS**

The Organization recorded revenue from United Way contracts awarded for the year ended June 30, 2017 as follows:

	<u>Amount</u>
United Way of Lee County	<u>\$ 343,850</u>

**NOTE P - FAIR VALUE MEASUREMENTS**

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value, under FASB ASC 820, hierarchy are described as follows:

*Level 1* - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access

*Level 2* - Inputs to the valuation methodology include:

- \* Quoted prices for similar assets or liabilities in active markets
- \* Quoted prices for identical or similar assets or liabilities in inactive markets
- \* Inputs other than quoted prices that are observable for the asset or liability
- \* Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3* - Inputs to the valuation methodology are unobservable and significant to the fair value measurement

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs

The following is a description of the valuation methodologies used for assets for the Organization measured at fair value. There have been no changes in the methodologies used at June 30, 2017.

*Beneficial interest in assets held by others* - The fair value of the beneficial interest in assets held by others was not readily determinable through an outside sources independent of the Organization. The fair value is based on amounts reported to the Organization by the Community Foundation.

**NOTE P - FAIR VALUE MEASUREMENTS, CONTINUED**

	Assets at Fair Value as of June 30, 2017			
	(Level 1)	(Level 2)	(Level 3)	Total
Beneficial interest in assets held by others	\$ -	\$ -	\$ 10,917	\$ 10,917
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,917</u>	<u>\$ 10,917</u>

**NOTE Q - BOARD DESIGNATED NET ASSETS - CHAIPEL MEMORIAL**

The Board of Directors have set aside funds collected in the amount of \$11,115 as a memorial fund in memory of Cliff Chaipel, a past Board member.

**NOTE R - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of third party billings of \$134,233 as of June 30, 2017.

**NOTE S - SUBSEQUENT EVENTS**

Management has assessed subsequent events through December 17, 2017, the date on which the financial statements were available to be issued.

**SUPPLEMENTAL INFORMATION**



**CHILDREN'S ADVOCACY CENTER OF SW FLORIDA, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL**  
**AWARDS AND STATE FINANCIAL ASSISTANCE**  
**Year ended June 30, 2017**

<u>FEDERAL AWARDS</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>
<b><u>U.S. Department of Health and Human Services</u></b>					
Passed through:					
State of Florida Department of Health					
Social Services Block Grant	93.667	CPX8B	\$543,291	\$ 539,551 (1)	\$ 539,551
Passed through:					
Children's Network of Southwest Florida, LLC					
Promoting Safe and Stable Families	93.556	BBL02	100,000	<u>96,435 (2)</u>	<u>96,435</u>
Total U.S. Department of Health and Human Services				<u>635,986</u>	<u>635,986</u>
<b><u>U.S. Department of Justice</u></b>					
Passed through:					
Office of the Attorney General					
Crime Victim Assistance	16.575	V137-14210 VOCA-2016-	541,969	35,302	35,302
Crime Victim Assistance	16.575	Children's Advocacy Cente- 00581	366,487	187,005 (3)	187,005
Passed through:					
Children's Advocacy Center					
Improving the Investigation and Prosecution of Child Abuse and the Regional and Local Children's Advocacy Centers					
	16.758	3-FTMY-FLSA16	9,000	<u>7,660</u>	<u>7,660</u>
Total U.S. Department of Justice				<u>229,967</u>	<u>229,967</u>
Total Federal Awards				<u>\$ 865,953</u>	<u>\$ 865,953</u>

(1) Includes receivables of \$98,257

(2) Includes receivables of \$12,975

(3) Includes receivables of \$55,182

**CHILDREN'S ADVOCACY CENTER OF SW FLORIDA, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL**  
**AWARDS AND STATE FINANCIAL ASSISTANCE, CONTINUED**  
**Year ended June 30, 2017**

<u>STATE FINANCIAL ASSISTANCE</u>	<u>State CFSA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>
<b><u>Florida Department of Health</u></b>					
Medical Services for Abused and Neglected Children	64.006	CPX8B	\$649,893	\$ 649,893	\$ 649,893
Medical Services for Abused and Neglected Children	64.006	CSBFM	\$ 35,000	\$ 35,000 (4)	\$ 35,000
Total Florida Department of Health				<u>684,893</u>	<u>684,893</u>
<b><u>Florida State Court System</u></b>					
Passed through:					
Florida Network of Children's Advocacy Centers, Inc.					
Florida Network of Children's Advocacy Centers	22.016	N/A	393,898	393,898 (5)	393,898
<b><u>Florida Department of Children and Families</u></b>					
Passed through:					
Florida Network of Children's Advocacy Centers, Inc.					
Florida Network of Children's Advocacy Centers	60.124	N/A	8,065	8,065	8,065
<b><u>Florida Department of Highway Safety and Motor Vehicles</u></b>					
Florida Network of Children's Advocacy Centers, Inc.					
License Plate Project	70.067	N/A	4,634	5,168	5,168
Florida Network of Children's Advocacy Centers Voluntary Contribution	76.123	N/A	4,634	<u>4,069</u>	<u>4,069</u>
Total Florida Department of Highway Safety and Motor Vehicles				<u>9,237</u>	<u>9,237</u>
Total State Financial Assistance				<u>\$1,096,093</u>	<u>\$ 1,096,093</u>
Total Federal Awards and State Financial Assistance				<u>\$1,962,046</u>	<u>\$ 1,962,046</u>

(4) Includes receivables of \$2,924

(5) Includes receivables of \$88,032

**CHILDREN'S ADVOCACY CENTER OF SW FLORIDA, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**June 30, 2017**

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**NOTE A - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the Federal and State grant activity of Children's Advocacy Center of SW Florida, Inc. (the "Organization") and is presented in accordance with accounting principles generally accepted in the United States of America. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and the Florida Single Audit Act (Florida Statute 215.97).

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

The Schedule of Expenditures of Federal Awards and State Financial Assistance is prepared on the accrual basis of accounting.

For new awards or modifications of existing awards after December 26, 2014, the expenditures reported in the Schedule of Expenditures of Federal Awards and State Financial Assistance follow the cost principles contained in the Uniform Guidance. For existing awards prior to December 26, 2014, the expenditures follow the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*. The cost principles indicate that certain types of expenditures are not allowed or reimbursements of allowable costs are limited as to reimbursement.

**NOTE C - INDIRECT COSTS**

The Organization records all expenditures of federal awards and state financial assistance using the direct cost method. In this manner, the Organization has elected not to use the 10% de minimis indirect cost rate, which is allowed in accordance with the Uniform Guidance.



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**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  
Children's Advocacy Center of SW Florida, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Children's Advocacy Center of SW Florida, Inc. (the "Organization", a non-profit organization), which comprise the statement of financial position as of June 30, 2017, 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 December 17, 2017.

**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) 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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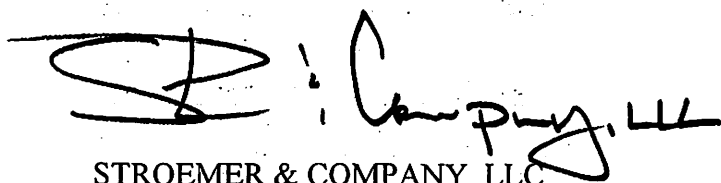
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations,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

**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 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 Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



STROEMER & COMPANY, LLC

Fort Myers, Florida

December 17, 2017





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**Independent Auditor's Report On Compliance For Each Major Program  
And On Internal Control Over Compliance Required By The Uniform  
Guidance, The Florida Single Audit Act (Florida Statute 215.97) And  
Chapter 10.650 Of The Rules Of The Auditor General Of The State Of Florida**

Board of Directors  
Children's Advocacy Center of SW Florida, Inc.

**Report on Compliance for Each Major Federal Program and State Project**

We have audited Children's Advocacy Center of SW Florida, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs and state projects for the year ended June 30, 2017. The Organization's major federal programs and state projects are 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal programs and state projects.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs and state projects 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; 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"); the Florida Single Audit Act (Florida Statute 215.97) and Chapter 10.650 of the Rules of the Auditor General of the State of Florida. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the type of compliance requirements referred to above that could have a direct and material effect on a major

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federal program or state project occurred. An audit includes examining, on a test basis, evidence about the Organization'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 each major federal program and state project. However, our audit does not provide a legal determination of the Organization's compliance.

### **Opinion on Each Major Federal Program and State Project**

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2017.

### **Report on Internal Control Over Compliance**

Management of Children's Advocacy Center of SW Florida, Inc. 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 Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 federal program or 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 federal program or 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 federal program or 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 the 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 the Uniform Guidance, The Florida Single Audit Act (Florida Statute 215.97) and Chapter 10.650 of the Rules of the Auditor General of the State of Florida. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Stroemer & Company, LLC". The signature is stylized and cursive, with a large initial "S" and "C".

STROEMER & COMPANY, LLC

Fort Myers, Florida

December 17, 2017



**CHILDREN'S ADVOCACY CENTER OF SW FLORIDA, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED**  
**COSTS - FEDERAL AWARDS AND STATE**  
**FINANCIAL ASSISTANCE**  
**Year ended June 30, 2017**

***Section I – Summary of Auditor's Results***  
**Financial Statements**

Type of auditor's report issued	Unqualified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	<u>  X  </u> No	
Significant deficiency(ies) identified?	_____ Yes	<u>  X  </u> None reported	
Noncompliance material to financial statements noted?	_____ Yes	<u>  X  </u> No	

**Federal Awards**

Internal control over major programs:			
Material weakness(es) identified?	_____ Yes	<u>  X  </u> No	
Significant deficiency(ies) identified?	_____ Yes	<u>  X  </u> None reported	
Type of auditors report issued on compliance for major programs	Unqualified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	_____ Yes	<u>  X  </u> No	

**Identification of major programs (Type A):**

CFDA	
<u>Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.667	Social Services Block Grant

Dollar threshold used to distinguish between Type A and Type B programs

Threshold used was \$750,000.

Auditee qualified as low-risk auditee?

  X   Yes \_\_\_\_\_ No

**CHILDREN'S ADVOCACY CENTER OF SW FLORIDA, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED  
 COSTS - FEDERAL AWARDS AND STATE  
 FINANCIAL ASSISTANCE, CONTINUED  
 Year ended June 30, 2017**

**State Financial Assistance**

Internal control over major programs:

Material weakness(es) identified?	_____	Yes	_____	X	_____	No
Significant deficiency(ies) identified?	_____	Yes	_____	X	_____	None reported
Type of auditors report issued on compliance for major programs	Unqualified					
Any audit findings disclosed that are required to be reported in accordance with Rules of Auditor General 10.654(1)(g)?	_____	Yes	_____	X	_____	No

**Identification of major programs (Type A):**

<u>CSFA Number(s)</u>	<u>Name of State Project or Cluster</u>
64.006	Medical Services for Abused and Neglected Children
22.016	Florida Network of Children's Advocacy Centers

Dollar threshold used to distinguish between Type A and Type B programs Threshold used was \$328,828

***Section II- Financial Statement Findings***

There were no material weaknesses or instances of noncompliance related to the financial statements.

***Section III- Federal Award and State Financial Assistance Findings and Questioned Costs***

There were no audit findings related to federal awards required to be reported by 2 CFR Section 200.516(a).

There were no audit findings related to State Financial Assistance required to be reported by Rules of the Auditor General 10.654(1)(g).

***Section IV- Status of Federal Awards and/or State Financial Assistance Prior Year Findings***

There were no findings related to prior year federal awards and/or state financial assistance.



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## Independent Auditor's Report to Management

To the Board of Directors  
Children's Advocacy Center of SW Florida, Inc.

We have audited the financial statements of Children's Advocacy Center of SW Florida, Inc. (the "Organization") as of and for the fiscal year ended, June 30, 2017, and have issued our report thereon dated December 17, 2017.

We conducted our audit 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; 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"); and the Florida Single Audit Act (Florida Statute 215.97). We have issued our 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*, and our Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and the Florida Single Act (Florida Statute 215.97), and Schedule of Findings and Questioned Costs-Federal Awards and State Financial Assistance, and the disclosures in those reports and schedule, which are dated December 17, 2017, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.650 of the Rules of the Auditor General of the State of Florida, which requires disclosure in the management letter of violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements or state project amounts that is less than material but more than inconsequential. In addition, for matters that have an inconsequential effect on the financial statements or state project amounts, considering both quantitative and qualitative factors, the following may be reported based on professional judgment: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, that have occurred, or are likely to have occurred, (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, the following matters are required to be disclosed:

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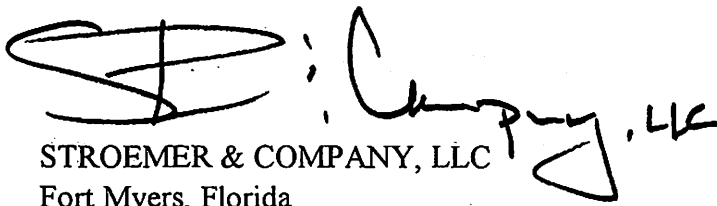
**Prior year comments that continues to apply:**

NONE

**Current year comments:**

NONE

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this is intended solely for the information and use of the Board of Directors, management, federal and state awarding agencies, and pass-through entities, the Auditor General of the State of Florida, and federal and state audit agencies. This report is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Stroemer & Company, LLC". The signature is stylized and written over the printed name of the firm.

STROEMER & COMPANY, LLC  
Fort Myers, Florida  
December 17, 2017