

**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, 2018**

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Independent Auditor's Report

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

We have audited the accompanying financial statements of Children's Advocacy Center of SW Florida, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year 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, 2018, 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

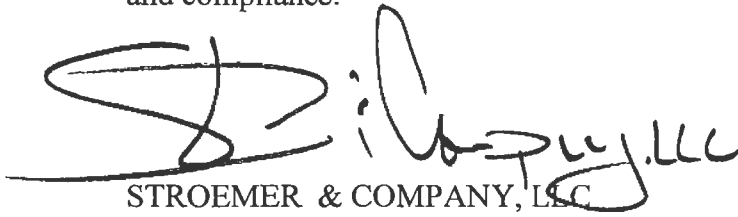
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, 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 January 11, 2019, 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 cursive, with a large initial "S" and "C".

STROEMER & COMPANY, LLC

Fort Myers, Florida

January 11, 2019

CHILDREN'S ADVOCACY CENTER OF SW FLORIDA, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2018

	<u>Amount</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 822,470
Beneficial interest in assets held by others	11,412
Accounts receivable	2,301
Grants receivable	407,264
Other receivables	106,324
Prepaid expenses	<u>64,930</u>
TOTAL CURRENT ASSETS	1,414,701
PROPERTY AND EQUIPMENT, NET	<u>2,664,006</u>
TOTAL ASSETS	<u>\$ 4,078,707</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Current portion of long-term debt	\$ 114,666
Accounts payable	28,414
Accrued payroll	46,290
Accrued compensated absences	114,484
Other accrued liabilities	53,622
Deferred revenue	<u>10,730</u>
TOTAL CURRENT LIABILITIES	368,206
LONG-TERM DEBT, LESS CURRENT PORTION	<u>641,190</u>
TOTAL LIABILITIES	<u>1,009,396</u>
NET ASSETS	
Unrestricted	
Undesignated	3,058,196
Board designated - Chaipel Memorial	<u>11,115</u>
Total unrestricted	3,069,311
Temporarily restricted	<u>-</u>
TOTAL NET ASSETS	<u>3,069,311</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,078,707</u>

CHILDREN'S ADVOCACY CENTER OF SW FLORIDA, INC.
STATEMENT OF ACTIVITIES
Year ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
CHANGES IN NET ASSETS			
Grant revenue	\$ -	\$ 2,176,397	\$ 2,176,397
Other contracts, client and agency fees	635,784	-	635,784
Contributions	484,173	-	484,173
United Way	355,395	-	355,395
Fundraising	38,654	-	38,654
Investment income	<u>1,128</u>	<u>-</u>	<u>1,128</u>
TOTAL OPERATING SUPPORT AND REVENUE	1,515,134	2,176,397	3,691,531
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of program restrictions - grants and contracts	<u>2,310,630</u>	<u>(2,310,630)</u>	<u>-</u>
TOTAL	<u>3,825,764</u>	<u>(134,233)</u>	<u>3,691,531</u>
OPERATING EXPENSES			
Program services	2,996,927	-	2,996,927
Supporting services	<u>458,406</u>	<u>-</u>	<u>458,406</u>
TOTAL EXPENSES	<u>3,455,333</u>	<u>-</u>	<u>3,455,333</u>
CHANGE IN TOTAL NET ASSETS	370,431	(134,233)	236,198
NET ASSETS, BEGINNING OF YEAR	<u>2,698,880</u>	<u>134,233</u>	<u>2,833,113</u>
NET ASSETS, END OF YEAR	<u>\$ 3,069,311</u>	<u>\$ -</u>	<u>\$ 3,069,311</u>

CHILDREN'S ADVOCACY CENTER OF SW FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2018

	Program Services			
	Child	Family		Total
	Protection Team	Alliance	Prevention	
Salaries	\$ 1,063,031	\$ 437,565	\$ 398,557	\$ 1,899,153
Fringe benefits	195,736	73,952	79,781	349,469
Payroll taxes	80,274	32,933	30,303	143,510
Advertising	3,275	6,660	2,595	12,530
Attorney	10,800	-	-	10,800
Audit	6,480	3,600	1,920	12,000
Bank charges	-	-	-	-
Computer	23,556	11,819	5,733	41,108
Dues & subscriptions	3,112	891	616	4,619
Fundraising expense	-	-	-	-
Furniture/equipment	23,043	14,967	3,252	41,262
Insurance	22,203	15,569	8,303	46,075
Interest expense	8,397	4,665	2,488	15,550
Janitorial	12,247	6,804	3,629	22,680
Leased equipment/rentals	18,666	10,370	5,531	34,567
Licenses & taxes	1,609	891	477	2,977
Maintenance	11,404	6,335	3,379	21,118
Medical supplies	-	-	-	-
Office expense	8,759	4,123	4,485	17,367
Other professional fees	10,711	5,808	3,000	19,519
Postage/shipping	1,336	742	396	2,474
Printing	2,769	1,538	820	5,127
Security	2,393	1,330	709	4,432
Supplies	26,054	14,475	7,720	48,249
Telephone	15,925	8,847	4,718	29,490
Training & education	7,450	3,926	4,980	16,356
Transcription	9,185	-	-	9,185
Travel & conferences	17,505	7,596	17,165	42,266
Utilities	17,206	9,559	5,098	31,863
X-ray & lab	7,464	-	-	7,464
TOTAL				
EXPENSES BEFORE				
DEPRECIATION	1,610,590	684,965	595,655	2,891,210
Depreciation	57,087	31,715	16,915	105,717
TOTAL EXPENSES	<u>\$ 1,667,677</u>	<u>\$ 716,680</u>	<u>\$ 612,570</u>	<u>\$ 2,996,927</u>

CHILDREN'S ADVOCACY CENTER OF SW FLORIDA
STATEMENT OF FUNCTIONAL EXPENSES, CONTINUED
Year ended June 30, 2018

	Supporting Services			Total Expenses
	Administrative	Fundraising	Total	
Salaries	\$ 245,899	\$ 66,287	\$ 312,186	\$ 2,211,339
Fringe benefits	44,361	13,120	57,481	406,950
Payroll taxes	18,495	4,318	22,813	166,323
Advertising	-	1,000	1,000	13,530
Attorney	3,800	-	3,800	14,600
Audit	-	-	-	12,000
Bank charges	705	-	705	705
Computer	3,287	2,305	5,592	46,700
Dues & subscriptions	-	-	-	4,619
Fundraising expense	-	6,562	6,562	6,562
Furniture/equipment	1,224	-	1,224	42,486
Insurance	2,746	275	3,021	49,096
Interest expense	15,707	157	15,864	31,414
Janitorial	1,200	120	1,320	24,000
Leased equipment/rentals	1,829	182	2,011	36,578
Licenses & taxes	158	16	174	3,151
Maintenance	1,117	112	1,229	22,347
Medical supplies	859	-	859	859
Office expense	4,539	376	4,915	22,282
Other professional fees	-	-	-	19,519
Postage/shipping	131	13	144	2,618
Printing	272	27	299	5,426
Security	235	23	258	4,690
Supplies	2,575	255	2,830	51,079
Telephone	1,560	157	1,717	31,207
Training & education	3,196	6	3,202	19,558
Transcription	-	-	-	9,185
Travel & conferences	108	1,086	1,194	43,460
Utilities	1,686	168	1,854	33,717
X-ray & lab	-	-	-	7,464
TOTAL EXPENSES BEFORE DEPRECIATION	355,689	96,565	452,254	3,343,464
Depreciation	5,593	559	6,152	111,869
TOTAL EXPENSES	\$ 361,282	\$ 97,124	\$ 458,406	\$ 3,455,333

CHILDREN'S ADVOCACY CENTER OF SW FLORIDA, INC.
STATEMENT OF CASH FLOWS
Year ended June 30, 2018

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	<u>Amount</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from grants	\$ 2,026,503
Cash received from other contracts, client and agency fees	595,604
Cash received from contributions	488,873
Cash received from United Way	355,395
Cash received from fundraising	38,654
Interest income received	633
Cash paid to suppliers and employees	(3,364,300)
Interest paid	<u>(31,414)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	109,948
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	<u>(70,857)</u>
NET CASH USED IN INVESTING ACTIVITIES	(70,857)
CASH FLOWS FROM FINANCING ACTIVITIES	
Repayments on long-term debt	<u>(110,342)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(110,342)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(71,251)
Cash and cash equivalents, beginning of year	<u>893,721</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 822,470</u>

CHILDREN'S ADVOCACY CENTER OF SW FLORIDA, INC.
STATEMENT OF CASH FLOWS, CONTINUED
Year ended June 30, 2018

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

	<u>Amount</u>
Change in total net assets	\$ 236,198
Adjustments to reconcile change in total net assets to net cash provided by operating activities:	
Depreciation	111,869
Unrealized gains	(495)
(Increase)/decrease in assets:	
Accounts receivable	(1,382)
Grants receivable	(149,894)
Other receivables	(38,798)
Prepaid expenses	(2,007)
Increase/(decrease) in liabilities:	
Accounts payable	(72,438)
Accrued payroll	1,493
Accrued compensated absences	15,861
Other accrued liabilities	4,841
Deferred revenue	<u>4,700</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 109,948</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, 2018 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 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, 2018.

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 Services 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, 2018, costs related to advertising were \$13,530.

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, 2018, accumulated interest, market fluctuations, and fees have resulted in net changes totaling \$495. As of June 30, 2018, the balance of the fund was \$11,412.

CHILDREN'S ADVOCACY CENTER OF SW FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE C - GRANTS RECEIVABLE

Grants receivable as of June 30, 2018 consists of the following:

	<u>Amount</u>
Florida Network of Children's Advocacy Centers	\$ 243,421
Social Services Block Grant (CPX8B)	99,417
Crime Victim Assistance (VOCA-2017-00387)	51,592
Promoting Safe and Stable Families (BBL02)	8,350
Medical Services for Abused and Neglected Children (CFAFM)	2,924
National Children's Alliance (FTMY-FL-AFCBT-PA18)	1,560
	<u>\$ 407,264</u>

NOTE D - OTHER RECEIVABLES

Other receivables as of June 30, 2018 consists of the following:

	<u>Amount</u>
Crimes Compensation	\$ 47,500
Lee County Medical Exams	17,400
Lee County Partnering for Results	16,236
Family First	10,103
Charlotte County Medical Exams	5,200
Children's Hospital of SW Florida	4,500
Other	3,385
Hendry County Medical Exams	2,000
	<u>\$ 106,324</u>

NOTE E - PROPERTY AND EQUIPMENT

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

	<u>Amount</u>
Building and land	\$ 2,018,291
Leasehold improvements	1,253,432
Furniture and equipment	307,074
	<u>3,578,797</u>
Accumulated depreciation	<u>(914,791)</u>
	<u>\$ 2,664,006</u>

Depreciation expense for the year ended June 30, 2018 was \$111,869.

CHILDREN'S ADVOCACY CENTER OF SW FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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>\$ 755,856</u>

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 114,666
2020	119,159
2021	123,829
2022	128,681
2023	133,724
Thereafter	<u>135,797</u>
	755,856
Less: current portion	<u>(114,666)</u>
Long-term portion	<u>\$ 641,190</u>

Interest expense for the year ended June 30, 2018 was \$31,414.

NOTE G - LEASE OBLIGATIONS

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

Future minimum rental payments as of June 30, 2018 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 20,530
2020	11,956
2021	11,956
2022	<u>9,569</u>
	<u>\$ 54,011</u>

Lease expense for the year ended June 30, 2018 was \$36,578.

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, 2018, 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, 2018 was \$125,382.

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, 2018, 69% 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, 2018, 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, 2018, 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 - UNITED WAY CONTRACTS

The Organization recorded revenue from United Way contracts awarded for the year ended June 30, 2018 as follows:

	<u>Amount</u>
United Way of Lee County	<u>\$ 355,395</u>

NOTE N - 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 O - 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, 2018, accumulated interest, market fluctuations, and fees have resulted in net changes totaling \$126. For the year ended June 30, 2018, the balance of the agency designated fund was \$2,916. Under generally accepted accounting principles, the agency designated fund is not recorded on the statement of financial position of the Organization.

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 hierarchy, under FASB ASC 820, 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

NOTE P - FAIR VALUE MEASUREMENTS, CONTINUED

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.

	Assets at Fair Value as of June 30, 2018			
	(Level 1)	(Level 2)	(Level 3)	Total
Beneficial interest in assets held by others	\$ -	\$ -	\$ 11,412	\$ 11,412
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,412</u>	<u>\$ 11,412</u>

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 investments for the year ended June 30, 2018.

	2018
Balance, beginning of year	\$ 10,917
Unrealized gains (losses)	495
Balance, end of year	<u>\$ 11,412</u>

NOTE Q - SUBSEQUENT EVENTS

Management has assessed subsequent events through January 11, 2019, 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, 2018

<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>
<u>U.S. Department of Health and Human Services</u>					
Passed through:					
State of Florida Department of Health					
Social Services Block Grant	93.667	CPX8B	\$558,102	\$ 558,102 (1)	\$ 558,102
Passed through:					
Children's Network of Southwest Florida, LLC					
Promoting Safe and Stable Families	93.556	BBL02	130,000	<u>117,725</u> (2)	<u>117,725</u>
Total U.S. Department of Health and Human Services				<u>675,827</u>	<u>675,827</u>
<u>U.S. Department of Justice</u>					
Passed through:					
Office of the Attorney General					
Crime Victim Assistance	16.575	VOCA-2016- Children's Advocacy Cente- 00387	498,574	296,224 (3)	296,224
Passed through:					
National Children's Alliance					
	16.758	FTMY-FL- AFCBT-PA18	25,000	1,560 (4)	1,560
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-FL-DS17	7,000	<u>7,000</u>	<u>7,000</u>
Total U.S. Department of Justice				<u>304,784</u>	<u>304,784</u>
Total Federal Awards				<u>\$ 980,611</u>	<u>\$ 980,611</u>

(1) Includes receivables of \$99,417

(2) Includes receivables of \$8,350

(3) Includes receivables of \$51,592

(4) Includes receivables of \$1,560

CHILDREN'S ADVOCACY CENTER OF SW FLORIDA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE, CONTINUED
Year ended June 30, 2018

<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>
<u>Florida Department of Health</u>					
Medical Services for Abused and Neglected Children	64.006	CPX8B	\$649,893	\$ 746,933	\$ 746,933
Medical Services for Abused and Neglected Children	64.006	CSAFM	\$ 35,000	\$ 35,000 (5)	\$ 35,000
Total Florida Department of Health				<u>781,933</u>	<u>781,933</u>
<u>Florida State Court System</u>					
Passed through:					
Florida Network of Children's Advocacy Centers, Inc.					
Florida Network of Children's Advocacy Centers	22.016	N/A	401,034	400,865 (6)	400,865
<u>Florida Department of Children and Families</u>					
Passed through:					
Florida Network of Children's Advocacy Centers, Inc.					
Florida Network of Children's Advocacy Centers	60.124	N/A	5,769	5,769	5,769
<u>Florida Department of Highway Safety and Motor Vehicles</u>					
Florida Network of Children's Advocacy Centers, Inc.					
License Plate Project	70.067	N/A	6,004	6,004	6,004
Florida Network of Children's Advocacy Centers Voluntary Contribution	76.123	N/A	1,215	<u>1,215</u>	<u>1,215</u>
Total Florida Department of Highway Safety and Motor Vehicles				<u>7,219</u>	<u>7,219</u>
Total State Financial Assistance				<u>\$1,195,786</u>	<u>\$ 1,195,786</u>
Total Federal Awards and State Financial Assistance				<u>\$2,176,397</u>	<u>\$ 2,176,397</u>

(5) Includes receivables of \$2,924

(6) Includes receivables of \$243,421

CHILDREN'S ADVOCACY CENTER OF SW FLORIDA, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
June 30, 2018

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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, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 11, 2019.

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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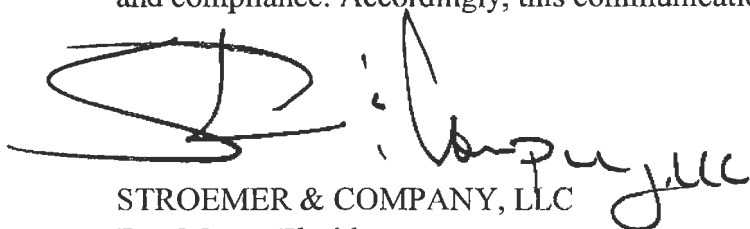
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, 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
January 11, 2019



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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, 2018. 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, 2018.

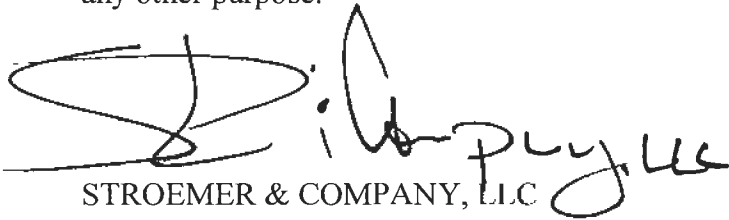
Report on Internal Control Over Compliance

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

January 11, 2019

CHILDREN'S ADVOCACY CENTER OF SW FLORIDA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED
COSTS - FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
Year ended June 30, 2018

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	_____ X	_____ No
Significant deficiency(ies) identified?	_____ Yes	_____ X	_____ None reported
Noncompliance material to financial statements noted?	_____ Yes	_____ X	_____ No

Federal Awards

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 2 CFR Section 200.516(a)?	_____ Yes	_____ X	_____ 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, 2018

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</u>	<u>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 \$300,000

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, 2018, and have issued our report thereon dated January 11, 2019.

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 January 11, 2019, 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 somewhat cursive, with a large initial "S" and "C".

STROEMER & COMPANY, LLC
Fort Myers, Florida
January 11, 2019