

**The Ounce of Prevention  
Fund of Florida, Inc.**

**FINANCIAL STATEMENTS**

**June 30, 2019**



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The Ounce of Prevention Fund of Florida, Inc.  
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June 30, 2019

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# REPORT





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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
The Ounce of Prevention Fund of Florida, Inc.  
Tallahassee, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of The Ounce of Prevention Fund of Florida, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, 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.

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

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Ounce of Prevention Fund of Florida, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year 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 Part 200, Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards, and Chapter 10.650, *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. In addition, the matching report 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.

## Emphasis of Matter

As discussed in Note 13 to the financial statements, management has adopted Financial Accounting Standards Board ASU 2016-14, *Not-for-Profit Entities* (Topic 958); this new standard requires changes to be made in how net assets are classified based on donor restrictions and has added multiple new disclosures. Our opinion is not modified with respect to that matter.

## Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 20, 2019 on our consideration of The Ounce of Prevention Fund of 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 the effectiveness of The Ounce of Prevention Fund of Florida, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Ounce of Prevention Fund of Florida, Inc.'s internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, LLC  
Tallahassee, Florida  
November 20, 2019



# FINANCIAL STATEMENTS

**The Ounce of Prevention Fund of Florida, Inc.**  
**Statement of Financial Position**

<i>June 30,</i>	2019
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 3,153,517
Due from the State of Florida	3,471,175
Certificates of deposit	408,962
Other receivables	8,179
Prepaid expenses	228,101
<hr/>	
Total current assets	7,269,934
Investments	1,438,343
Property and equipment, net	22,296
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Total assets	\$ 8,730,573
<hr/> <hr/>	
<b>Liabilities and Net Assets</b>	
Current liabilities	
Accounts payable and accrued expenses	\$ 231,415
Due to subrecipients	4,662,417
Deferred revenue	975,290
<hr/>	
Total current liabilities	5,869,122
<hr/>	
Net assets without donor restrictions	2,861,451
<hr/>	
Total liabilities and net assets	\$ 8,730,573
<hr/> <hr/>	

*The accompanying notes are an integral part of this financial statement.*

**The Ounce of Prevention Fund of Florida, Inc.**  
**Statement of Activities**

<i>Year ended June 30,</i>	2019
<b>Change in net assets</b>	
<b>Revenue and support</b>	
Grant revenue	\$ 31,271,544
In-kind contributions	1,910,603
Private contracts	988,286
Contributions	327,683
Interest and other income	232,100
Total revenue and support	34,730,216
<b>Expenses</b>	
Program services:	
Healthy Families Florida	27,678,306
Ounce of Prevention Fund	3,440,967
Other programs	2,489,797
Supporting services:	
Management and general	1,015,793
Resource development	362,708
Total expenses	34,987,571
<b>Change in net assets without donor restrictions</b>	<b>(257,355)</b>
<b>Net assets without donor restrictions, at beginning of year</b>	<b>3,118,806</b>
<b>Net assets without donor restrictions, at end of year</b>	<b>\$ 2,861,451</b>

*The accompanying notes are an integral part of this financial statement.*



**The Ounce of Prevention Fund of Florida, Inc.**  
**Statement of Functional Expenses**

<i>Year ended June 30, 2019</i>	Program Activities				Supporting Services			Totals
	Ounce of Prevention Fund of Florida	Healthy Families Florida	Other Programs	Programs Subtotal	Management and General	Resource Development	Supporting Services Subtotal	
Subrecipients	\$ 844,178	\$ 25,840,703	\$ 1,416,326	\$ 28,101,207	\$ -	\$ -	\$ -	\$ 28,101,207
Salaries and benefits	313,494	1,012,222	320,669	1,646,385	622,019	317,686	939,705	2,586,090
Media	2,185,603	-	170,877	2,356,480	-	-	-	2,356,480
Trainers	9,797	283,436	58,671	351,904	-	-	-	351,904
Lease/rent	20,558	97,191	40,743	158,492	86,166	9,416	95,582	254,074
Travel	11,480	141,609	64,720	217,809	7,102	8,267	15,369	233,178
Program materials	53,246	109,896	1,655	164,797	-	-	-	164,797
Other	2,611	193,249	416,136	611,996	300,506	27,339	327,845	939,841
<b>Total expenses</b>	<b>\$ 3,440,967</b>	<b>\$ 27,678,306</b>	<b>\$ 2,489,797</b>	<b>\$ 33,609,070</b>	<b>\$ 1,015,793</b>	<b>\$ 362,708</b>	<b>\$ 1,378,501</b>	<b>\$ 34,987,571</b>

*The accompanying notes are an integral part of this financial statement.*

**The Ounce of Prevention Fund of Florida, Inc.**  
**Statement of Cash Flows**

<i>Year ended June 30,</i>	2019
<hr/>	
<b>Operating activities</b>	
Change in net assets without donor restrictions	\$ (257,355)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	8,159
Unrealized and realized gain on investments	(67,563)
(Increase) decrease in:	
Due from State of Florida	113,193
Other receivables	256,871
Prepaid expenses	(208,331)
Increase (decrease) in:	
Accounts payable and accrued expenses	26,823
Due to subrecipients	1,110,771
Deferred revenue	266,696
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Net cash provided by operating activities	1,249,264
<hr/>	
<b>Investing activities</b>	
Purchase of equipment	(5,705)
Proceeds from sale of investments	780,563
Purchase of investments	(802,534)
<hr/>	
Net cash used in investing activities	(27,676)
<hr/>	
<b>Net change in cash and cash equivalents</b>	<b>1,221,588</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,931,929</b>
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<b>Cash and cash equivalents, end of year</b>	<b>\$ 3,153,517</b>
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*The accompanying notes are an integral part of this financial statement.*

## The Ounce of Prevention Fund of Florida, Inc. Notes to Financial Statements

### **NOTE 1 – NATURE OF BUSINESS**

The Ounce of Prevention Fund of Florida, Inc. (the Ounce) is a not-for-profit research and development organization whose mission is to identify, fund and evaluate innovative health, education and social services programs for children and families. The Ounce was incorporated in 1989.

The Ounce is a public/private partnership receiving funds for its programs from government grants and private contributions. Evaluation information for those programs that prove to be effective and cost efficient is shared with legislators and other policy and decision makers to assist the program in finding a source of permanent funding as well as enhancing the probability of replication in other communities. Similarly, data is shared regarding those programs that do not prove to be effective.

Currently, the Ounce is involved in the development, funding and implementation of several demonstration projects and public education initiatives throughout Florida.

A major role of the staff of the Ounce is assistance to local communities in the planning and development of innovative demonstration projects. Once a project is funded, the Ounce staff provides ongoing program development support and training to the local project. Because these are demonstration projects, the ongoing support services are critical to the project's effective implementation and growth. Although program development is provided primarily by the Ounce staff, training may be provided by the Ounce staff or individuals with expertise in specific areas identified by project staff. The Ounce also assists project staff in the development and identification of alternative funding sources.

### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of the Ounce is presented to assist in understanding the Ounce's financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

#### ***Basis of Accounting***

The Ounce's financial statements are presented on the accrual basis of accounting.

#### ***Cash and Cash Equivalents***

For the purposes of the statement of cash flows, cash equivalents include all short-term investments with maturities of 90 days or less.

## The Ounce of Prevention Fund of Florida, Inc. Notes to Financial Statements

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***Grants and Other Receivables***

Grants and other receivables are stated at unpaid balances, less an allowance for doubtful accounts. The Ounce provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of grantors to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Ounce's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

#### ***Property and Equipment, Net***

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is computed using the straight-line method. Assets are depreciated over their estimated useful lives of three to seven years. Equipment purchases greater than \$1,000 are capitalized and depreciated using the method described above. Repairs that do not significantly extend the useful life of the underlying asset are expensed as incurred.

#### ***Net Assets***

In the accompanying financial statements, net assets that have similar characteristics have been combined into similar categories as follows:

##### **Net Assets With Donor Restrictions**

Net assets whose use by the Ounce is subject to donor-imposed stipulations that can be fulfilled by actions of the Ounce pursuant to those stipulations are classified as net assets with donor restrictions. The Ounce had no net assets with donor restrictions as of June 30, 2019.

##### **Net Assets Without Donor Restrictions**

Net assets that are not subject to donor-imposed stipulations are classified as net assets without donor restrictions. Net assets without donor restrictions include resources that are available for support of the Ounce's operations. Net assets without donor restrictions includes \$1,438,343 in board designated reserve funds.

#### ***Investments***

In accordance with FASB ASC 958, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their estimated fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the statement of activities. Ordinary investment income and realized and unrealized gains and losses are recorded in net assets without donor restrictions unless legal compliance or donor restrictions require their retention for a specific purpose. In this case, the ordinary investment income and realized and unrealized gains and losses are recorded in the net assets with donor restrictions. The estimated fair market values are determined based on the quoted market value of the securities.

## The Ounce of Prevention Fund of Florida, Inc. Notes to Financial Statements

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***Income Taxes***

The Ounce has received a determination letter from the Internal Revenue Service for exemption from income taxes except for taxes on unrelated business income under Section 501(c)(3) of the Internal Revenue Code, and has been classified as an other-than-private foundation. The Ounce utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2019, the Ounce has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

#### ***Revenue Classification***

The Ounce reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The Ounce reports donor restricted contributions whose restrictions are met in the same reporting period as net assets without donor restrictions.

#### ***Functional Allocation of Expenses***

The costs of providing the various programs and other activities have been summarized on a functional basis within the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on the Ounce's level of effort.

#### ***Fundraising***

Resource development on the statement of activities represents the Ounce's cost of fundraising efforts.

#### ***In-Kind Contributions***

Recognized donated services for the Ounce are reported in the period donated as in-kind contributions within the statement of activities. Recognized donated services include services that require specialized skills that are provided by entities or persons possessing those skills, and would need to be purchased if they were not donated. Services, which consist primarily of media airtime related to public service announcements, are reported at the fair market value of the airtime provided. These services were primarily used as part of the Ounce of Prevention program.

**The Ounce of Prevention Fund of Florida, Inc.**  
**Notes to Financial Statements**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Deferred Revenue***

The Ounce recognizes grant revenue as the applicable expenses are incurred over the term of the grant contract. Upon completion of all deliverables within the grant contract, the Ounce recognizes any remaining deferred revenue as revenue unless the grantor specifies for the return of any unused funds. Deferred revenue consists of receipts in excess of costs under fixed-price, multi-year contracts.

***Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of financial position. Actual results could differ from those estimates.

***Subsequent Events***

Subsequent events have been evaluated through the date of the independent auditors' report, which is the date the financial statements were available to be issued.

**NOTE 3 – CASH AND CASH EQUIVALENTS**

The Ounce has a concentration of credit risk arising from cash deposits at a financial institution in excess of the Federal Deposit Insurance Corporation's insured limit of \$250,000. As of June 30, 2019, the Ounce held cash at financial institutions over the FDIC limit in the amount of \$3,184,751. The Ounce manages these risks by maintaining deposits in high quality financial institutions.

**NOTE 4 – GRANTS AND OTHER RECEIVABLES**

Amounts due from the State of Florida include amounts receivable under grant agreements between the Ounce and the State of Florida. Other receivables include amounts receivable under grant agreements between the Ounce and other organizations. Management believes that these amounts are fully collectible. Therefore, no allowance for doubtful accounts is considered necessary.

**The Ounce of Prevention Fund of Florida, Inc.**  
**Notes to Financial Statements**

**NOTE 5 – PROPERTY AND EQUIPMENT - NET**

Property and equipment - net consisted of the following at June 30, 2019:

Furniture and equipment	\$ 239,030
Leasehold improvements	17,000
<b>Total</b>	<b>256,030</b>
Accumulated depreciation	(233,734)
<b>Property and equipment - net</b>	<b>\$ 22,296</b>

Depreciation expense for the year ended June 30, 2019 was \$8,159.

In accordance with the terms of the State of Florida contracts, title to property and equipment purchased with contract funds shall be vested with the State upon termination of the applicable contract.

**NOTE 6 – INVESTMENTS**

Investments valued on a recurring basis consisted of the following at June 30, 2019:

	Cost	FMV
Debt and equity securities	\$ 1,050,807	\$ 1,363,195
Money market funds and certificates of deposit	75,148	75,148
<b>Total investments</b>	<b>\$ 1,125,955</b>	<b>\$ 1,438,343</b>

Unrealized and realized gains totaling \$67,563 are included as a component of interest and other income within the statement of activities for the year ended June 30, 2019.

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework 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.

Level 2 – Inputs to the evaluation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;

## The Ounce of Prevention Fund of Florida, Inc. Notes to Financial Statements

### NOTE 6 – INVESTMENTS (CONTINUED)

- 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 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 measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions. The value and related income of the Ounce's investments are sensitive to changes in economic conditions. Accordingly, investment values may be subject to risks by shifts in the market's perception of the issuers and changes in interest rates. Debt and equity securities are categorized as follows at June 30, 2019:

	Level 1	Level 2	Level 3	Total
Corporate Bonds	\$ 102,288	\$ 50,891	\$ -	\$ 153,179
U.S. treasury notes	177,500	-	-	177,500
Mutual funds				
Fixed income securities	297,680	-	-	297,680
Foreign large blend	54,223	-	-	54,223
Large blend	474,660	-	-	474,660
Intermediate term bond	125,499	-	-	125,499
Medium blend	29,897	-	-	29,897
Small blend	50,557	-	-	50,557
<b>Total debt and equity securities</b>	<b>\$ 1,312,304</b>	<b>\$ 50,891</b>	<b>\$ -</b>	<b>\$ 1,363,195</b>



**The Ounce of Prevention Fund of Florida, Inc.**  
**Notes to Financial Statements**

**NOTE 7 – LEASES**

The Ounce leases office and parking space under an agreement accounted for as an operating lease. Rent expense under this lease was \$261,531 for the fiscal year. Future rent payments are as follows:

**Rent commitments**

<i>Year ending June 30,</i>	Amount
2020	\$ 272,000
Total	\$ 272,000

**Sublease**

The Ounce subleases office space. Rental income for the fiscal year ended June 30, 2019 was \$41,400. The lease ended on June 30, 2019 and was not renewed.

**NOTE 8 – RETIREMENT**

The Ounce maintains a 403(b) plan on behalf of all full-time employees. The Ounce contributes 5% of each full-time employee's annual salary to the plan. If the employee contributes up to 5% of their annual salary to the plan, the Ounce will match the employee's contribution to the plan. Total contributions to the 403(b) plan totaled \$185,259 for the year ended June 30, 2019.

**NOTE 9 – CONCENTRATION OF RISK**

During the year ended June 30, 2019, the Ounce received grants of approximately \$28,960,000 from the Florida Department of Children and Families. At June 30, 2019, the Ounce had \$2,792,949 receivable under grant agreements with the Florida Department of Children and Families.

**NOTE 10 – COMMITMENTS**

As of and subsequent to June 30, 2019, the Ounce executed grant agreements totaling \$28,017,770 with subrecipients for the fiscal year ending June 30, 2020. These subrecipients will perform services in accordance with grants received from the State of Florida's Department of Health, Department of Children and Families, and Department of Education.

**NOTE 11 – RELATED PARTY**

In-kind contributions of media airtime related to public service announcements were donated by an entity where the Ounce's board member is a key member of management. For the year ended June 30, 2019, these amounts totaled \$1,910,603.

**The Ounce of Prevention Fund of Florida, Inc.**  
**Notes to Financial Statements**

**NOTE 12 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Ounce’s financial assets as of the year end, reduced by amounts not available for general use because of contractual or donor imposed restrictions within one year of the statement of financial position date.

<i>June 30,</i>	<b>2019</b>
Financial assets, at year-end*	\$ 8,480,176
Less those not available for general expenditures within one year, due to Board designations	
Amount set aside for liquidity reserve	(1,438,343)
Financial assets available to meet cash needs for general expenditures within one year	\$ 7,041,833

\*Total assets, less nonfinancial assets (e.g. PP&E, prepaids)

As part of the Ounce’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The board periodically designates a portion of any operating surplus to its liquidity operating reserve, which was \$1,438,343 as of June 30, 2019. The reserves may be drawn upon, after board authorization, in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

**NOTE 13 – RECENTLY ADOPTED ACCOUNTING GUIDANCE**

**Accounting Standards Update 2016-14**

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which addresses financial reporting for not-for-profit organizations. The key elements of the ASU are as follows:

- Net asset classifications are being reduced from three to two categories: with donor restrictions and without donor restrictions. Expanded disclosures about the nature and amount of any donor restrictions and on any board designations of net assets without donor restrictions will be required.
- The placed-in-service approach will be required for determining when restrictions are met for all capital gifts, eliminating the over-time option for expirations of capital restrictions.

**The Ounce of Prevention Fund of Florida, Inc.**  
**Notes to Financial Statements**

**NOTE 13 – RECENTLY ADOPTED ACCOUNTING GUIDANCE (CONTINUED)**

**Accounting Standards Update 2016-14 (Continued)**

- Additional disclosures, both qualitative and quantitative, will be required to communicate information useful in assessing liquidity within one year of the statement of financial position date.
- The indirect or direct method of presenting the statement of cash flows will be allowed. However, the presentation or disclosure of indirect method reconciliation is not required when using the direct method.
- When an organization derives net investment return from several different sources, such as donor endowments and unrestricted operating endowments, it may present the net investment return in multiple line items in the statement of activities.

Several reporting requirements related to expenses are included, as follows:

- Disclosure of expenses by both nature and function (excluding investment expenses that have been netted with investment return)
- Disclosure of expenses netted with investment return
- Enhanced disclosures regarding cost allocations

ASU 2016-14 eliminates the requirement to disclose the unrealized gains and losses for the period related to equity securities held at the report date.

The ASU was effective for the Organization beginning July 1, 2018, and applicable portions of the guidance have been applied to the Organization's financial statements for the year ended June 30, 2019.

## The Ounce of Prevention Fund of Florida, Inc. Notes to Financial Statements

### NOTE 14 – ACCOUNTING GUIDANCE NOT YET ADOPTED

#### ***Accounting Standards Update 2014-09***

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This guidance specifies that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU and its amendments will supersede the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry specific guidance. For nonpublic entities, these amendments are effective for annual reporting periods beginning after December 15, 2018. Early adoption with certain restrictions is permitted for nonpublic entities. The Organization is currently evaluating the impact of the guidance on its financial statements.

#### ***Accounting Standards Update 2016-02***

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled *Leases*. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. For nonpublic entities, the standard is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. The Organization is currently evaluating the impact of the guidance on its financial statements.

#### ***Accounting Standards Update 2018-08***

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This new guidance is effective for transactions in which the Organization serves as a resource recipient for fiscal years beginning after December 15, 2018. Early adoption is permitted. The Organization is currently evaluating the impact of the guidance on its financial statements.



## **OTHER REPORTS**

**INDEPENDENT AUDITORS' REPORT  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of  
The Ounce of Prevention Fund of Florida, Inc.  
Tallahassee, Florida

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 The Ounce of Prevention Fund of Florida, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, 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 November 20, 2019.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered The Ounce of Prevention Fund of Florida, Inc.'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 Ounce of Prevention Fund of Florida, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether The Ounce of Prevention Fund of Florida, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, LLC

Tallahassee, Florida

November 20, 2019

**INDEPENDENT AUDITORS' REPORT  
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.650,  
RULES OF THE AUDITOR GENERAL**

To the Board of Directors of  
The Ounce of Prevention Fund of Florida, Inc.  
Tallahassee, Florida

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

We have audited The Ounce of Prevention Fund of Florida, Inc.'s compliance with the types of compliance requirements described in the OMB Compliance Supplement and the requirements described in the Department of Financial Services' State Projects Compliance Supplement, that could have a direct and material effect on each of The Ounce of Prevention Fund of Florida, Inc.'s major federal programs and state projects for the year ended June 30, 2019. The Ounce of Prevention Fund of Florida, Inc.'s major federal programs and state projects are identified in the summary of auditors' 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 terms and conditions of its federal awards and state financial assistance applicable to its federal programs and state projects.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of The Ounce of Prevention Fund of Florida, Inc.'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); and Chapter 10.650, Rules of the Auditor General. Those standards, the Uniform Guidance, and Chapter 10.650, Rules of the Auditor General require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program and state project occurred. An audit includes examining, on a test basis, evidence about The Ounce of Prevention Fund of Florida, Inc.'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 Ounce of Prevention Fund of Florida, Inc.'s compliance.

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

In our opinion, The Ounce of Prevention Fund of Florida, Inc. 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, 2019.

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

Management of The Ounce of Prevention Fund of 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 Ounce of Prevention Fund of Florida, Inc.'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 and Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Ounce of Prevention Fund of Florida, Inc.'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 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 and Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, LLC

Tallahassee, Florida

November 20, 2019



**SUPPLEMENTARY INFORMATION**



## The Ounce of Prevention Fund of Florida, Inc. Matching Report

The Ounce of Prevention Fund of Florida, Inc. reports media match to the Florida Department of Health as part of the COHS4 grant agreement. Grant COHS4 with the Florida Department of Health is a one-year grant totaling \$1,900,000 for the term of July 1, 2018 to June 30, 2019. The grant provides \$250,000 for statewide public education campaigns on television and radio. Leveraging these dollars, the 2018-2019 General Appropriations Act (House Bill 5001), Section 3, line item 448 directs the Ounce of Prevention Fund of Florida, Inc. to contract with a not-for-profit corporation that provides matching funds in a three to one ratio for this purpose.

Media expense required under Contract COHS4 per above	\$ 750,000
Total in-kind media provided by the Ounce of Prevention Fund of Florida, Inc. under the terms of this contract	\$ 1,910,603

## The Ounce of Prevention Fund of Florida, Inc.

### Schedule of Expenditures of Federal Awards and State Financial Assistance

#### Year ended June 30, 2019

Grantor/Pass through Grantor/Program or Cluster Title	CFDA Number	Contract Number	Expenditures	Funds Provided to Subrecipients
<b>Federal</b>				
<u>U.S Department of Health and Human Services</u>				
<u>Passed through Florida Department of Elder Affairs</u>				
Lifespan Respite Care Program:	93.072	XQ015	\$ 29,083	\$ -
<u>Passed through Florida Association of Healthy Start Coalitions, Inc.</u>				
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	13-5-FY1820	516,989	508,555
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	13-6-FY1718	184,071	-
Maternal, Infant, and Early Childhood Home Visiting Grant Program	93.870	13-6-FY-1617	5,332	-
Total Maternal, Infant, and Early Childhood Home Visiting Cluster			706,392	508,555
<u>Passed through Florida Department of Children and Families</u>				
Promoting Safe and Stable Families	93.556	LJ-959 18-19	1,441,641	1,327,207
Promoting Safe and Stable Families	93.556	LJ-959 17-18	35,196	27,983
Passed through Big Bend Community Based Care	93.556	250	148,155	148,155
Total Promoting Safe and Stable Families			1,624,992	1,503,345
Temporary Assistance for Needy Families	93.558	LJ-959 18-19	9,276,902	8,540,527
Temporary Assistance for Needy Families	93.558	LJ-959 17-18	226,483	180,071
Total Temporary Assistance for Needy Families (TANF) Cluster			9,503,385	8,720,598
Community-Based Child Abuse Prevention Grants	93.590	LJ-976	521,600	-
<u>Passed through Florida Developmental Disabilities Council</u>				
Developmental Disabilities Basic Support and Advocacy Grants	93.630	990PE17D	6,674	-
Total Developmental Disabilities Basic Support and Advocacy Grants			6,674	-
<u>Passed through Florida Association of Healthy Start Coalitions</u>				
Maternal and Child Health Services Block Grant to the States	93.994	2018-19-167	23,979	-
Total expenditures of federal awards			12,416,105	10,732,498

*See Independent Auditors' Report.*

*See accompanying notes to schedule of expenditures of federal awards and state financial assistance.*

**The Ounce of Prevention Fund of Florida, Inc.**  
**Schedule of Expenditures of Federal Awards and State Financial Assistance**  
**Year ended June 30, 2019**  
**(Continued)**

Grantor/Pass through Grantor/Project Title	CSFA Number	Contract Number	Expenditures	Funds Provided to Subrecipients
<b>State</b>				
<u>Florida Department of Education</u>				
Bureau of Curriculum and Instruction	48.040	92P-90575-9Q001	156,948	156,948
Bureau of Curriculum and Instruction	48.040	92P-90575-9Q002	200,000	200,000
Bureau of Curriculum and Instruction	48.040	92P-90575-9Q003	200,000	200,000
Bureau of Curriculum and Instruction	48.040	92P-91745-9Q001	197,860	180,000
Total Bureau of Curriculum and Instruction			754,808	736,948
Mentoring/Student Assistance Initiatives	48.068	FAHSC	20,920	-
<u>Florida Department of Health</u>				
Ounce of Prevention Fund of Florida	64.035	COHS4	1,679,336	844,178
Total expenditures of state financial assistance			2,455,064	1,581,126
Total expenditures of federal awards and state financial assistance			\$ 14,871,169	\$ 12,313,624

The Florida Department of Children and Families provided the following state matching dollars not included in the above schedule:

Grantor/Pass through Grantor/Program Title	CSFA/CFDA Number	Contract Number	Expenditures	Funds Provided to Subrecipients
<b>State Matching Dollars</b>				
Passed through Florida Department of Children and Families	NA	LJ-959 18-19	\$ 16,770,589	\$ 15,439,385
Passed through Florida Department of Children and Families	NA	LJ-959 17-18	409,432	\$ 325,530
Passed through Florida Department of Children and Families	NA	LJ-968	130,400	\$ -
Total expenditures of state matching dollars			\$ 17,310,421	\$ 15,764,915

*See Independent Auditors' Report.*  
*See accompanying notes to schedule of expenditures of federal awards and state financial assistance.*

**The Ounce of Prevention Fund of Florida, Inc.**  
**Notes to Schedule of Expenditures of Federal Awards**  
**and State Financial Assistance**  
**Year ended June 30, 2019**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of The Ounce of Prevention Fund of Florida, Inc. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.650, *Rules of the Auditor General*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.

For purposes of the Schedule, federal and state awards include all grants, contracts, and similar agreements entered into directly with the federal government and State of Florida and other pass through entities. The Ounce of Prevention Fund of Florida, Inc. has obtained Catalog of Federal Domestic Assistance (CFDA) and Catalog of State Financial Assistance (CSFA) numbers to ensure that all programs have been identified in the schedule.

Federal programs with different CFDA numbers that are closely related because they share common compliance requirements are defined as a cluster by the Uniform Guidance. Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program (CFDA 93.505) and Maternal, Infant, and Early Childhood Home Visiting Grant Program (CFDA 93.870) are reported as a cluster in the schedule.

**NOTE 2 – BASIS OF ACCOUNTING**

The Schedule was prepared on the modified accrual basis of accounting. Fixed assets are included in the Schedule in the period in which they are purchased and placed in service. Depreciation expense is not included in the Schedule.

**NOTE 3 – INTEREST EARNED**

Interest earned on certain grant funds are applied to the applicable program. Therefore, certain grant expenditures may exceed the award amount.

**The Ounce of Prevention Fund of Florida, Inc.**  
**Notes to Schedule of Expenditures of Federal Awards**  
**and State Financial Assistance**  
**Year ended June 30, 2019**

**NOTE 4 – CONTINGENCIES**

Grant monies received and disbursed by The Ounce of Prevention Fund of Florida, Inc. are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, The Ounce of Prevention Fund of Florida, Inc. does not believe that such disallowance, if any, would have a material effect on the financial position of The Ounce of Prevention Fund of Florida, Inc. As of June 30, 2019, there were no material questioned or disallowed costs as a result of grant audits in process or completed.

**NOTE 5 – NONCASH ASSISTANCE**

The Ounce of Prevention Fund of Florida, Inc. did not receive any federal or state noncash assistance for the fiscal year ended June 30, 2019.

**NOTE 6 – INDIRECT COST RATE**

The Ounce of Prevention Fund of Florida, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 7 – FEDERALLY FUNDED INSURANCE**

The Organization did not receive federally funded insurance during the fiscal year ended June 30, 2019.

**NOTE 8 – FEDERALLY FUNDED LOANS**

The Organization has no federally funded loans as of June 30, 2019. No funds were expended in the form of loan or loan guarantees during the fiscal year ended June 30, 2019.



**The Ounce of Prevention Fund of Florida, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year ended June 30, 2019**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

*Financial Statements:*

- |  |            |
|--|------------|
| 1. Type of auditors’ report issued   | Unmodified |
| 2. Internal control over financial reporting:                                    |            |
| a. Material weaknesses identified?   | No         |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted?                     | No         |

*Federal Awards:*

- |  |            |
|--|------------|
| 1. Type of auditors’ report issued   | Unmodified |
| 2. Internal control over major projects:   |            |
| a. Material weaknesses identified?   | No         |
| b. Significant deficiencies identified not considered to be material weaknesses?                             | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | No         |

4. Identification of major programs:

CFDA Number	Federal Program
93.558	Temporary Assistance for Needy Families (TANF Cluster)

- |   |           |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee under 2 CFR 200.520?               | Yes       |

*State Financial Assistance:*

- |  |            |
|--|------------|
| 1. Type of auditors’ report issued on compliance for major projects              | Unmodified |
| 2. Internal control over major projects:   |            |
| a. Material weaknesses identified?   | No         |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |

**The Ounce of Prevention Fund of Florida, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year ended June 30, 2019**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS (CONTINUED)**

3. Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650, *Rules of the Auditor General*? No

4. Identification of major projects:

<u>CSFA Number</u> 64.035	<u>State Project</u> Ounce of Prevention Fund of Florida, Inc.
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5. Dollar threshold used to distinguish between type A and type B projects: \$750,000

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None noted

**SECTION III – FEDERAL AWARD AND STATE FINANCIAL ASSISTANCE FINDINGS**

None noted

**SECTION IV – SUMMARY OF PRIOR YEAR FINDINGS**

None noted

**SECTION V – OTHER MATTERS**

(a) No management letter is required because there were no findings required to be reported in the management letter (see AG Rule Section 10.656(3)(e)).