



Lauren's Kids, Inc.

Financial Statements and Reports Required
by Government Auditing Standards, Chapter
10.650, Rules of the Auditor General, and
Schedule of Expenditures of State Financial
Assistance

Years Ended December 31, 2020 and 2019

LAUREN'S KIDS, INC.

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Independent Auditor's Report

To the Board of Directors
Lauren's Kids, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Lauren's Kids, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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. Those standards require that we plan and perform the audits 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 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 Lauren's Kids, Inc. as of December 31, 2020, 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 Matter - Prior Year Financial Statements

The financial statements of Lauren's Kids, Inc., as of and for the year ended December 31, 2019 were audited by Morrison, Brown, Argiz & Farra, LLC ("MBAF"), whose partners and professional staff joined BDO USA, LLP as of January 16, 2021, and has subsequently ceased operations. MBAF expressed an unmodified opinion on those statements in their report dated July 16, 2020.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by Chapter 10.650, *Rules of the Florida Auditor General* and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2021, on our consideration of the Organization's internal control over financial reporting and 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 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 Organization's internal control over financial reporting and compliance.

Miami, Florida
October 21, 2021

BDO USA, LLP

Certified Public Accountants

LAUREN'S KIDS, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

ASSETS	2020	2019
Cash	\$ 2,319,523	\$ 2,617,388
Restricted cash	137,300	39,025
Grants and other receivables	851,700	397,767
Prepaid expenses	138,045	16,408
TOTAL ASSETS	\$ 3,446,568	\$ 3,070,588
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 42,402	\$ 61,350
Refundable advance	-	31,000
Paycheck Protection Program Loan	40,224	-
TOTAL LIABILITIES	82,626	92,350
COMMITMENTS AND CONTINGENCIES (NOTE 10)		
NET ASSETS		
Without donor restrictions	3,226,642	2,939,213
With donor restrictions	137,300	39,025
TOTAL NET ASSETS	3,363,942	2,978,238
TOTAL LIABILITIES AND NET ASSETS	\$ 3,446,568	\$ 3,070,588

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

LAUREN'S KIDS, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31,

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Grant revenue	\$ 1,224,189	\$ -	\$ 1,224,189	\$ 1,051,334	\$ -	\$ 1,051,334
Vehicle registration	223,501	-	223,501	166,752	-	166,752
Voluntary contributions	232,965	-	232,965	369,256	-	369,256
Contributions	304,623	-	304,623	320,595	-	320,595
Special events, net of direct expenses of \$1,875 and \$410,447 for 2020 and 2019, respectively	206,525	123,275	329,800	174,884	39,025	213,909
In-kind contributions	642,075	-	642,075	255,523	-	255,523
Program service revenue	208,728	-	208,728	166,606	-	166,606
Special projects	-	-	-	300,000	-	300,000
Other	2,788	-	2,788	2,511	-	2,511
Net assets released from restriction	25,000	(25,000)	-	40,750	(40,750)	-
TOTAL SUPPORT AND REVENUE	3,070,394	98,275	3,168,669	2,848,211	(1,725)	2,846,486
EXPENSES:						
Program	2,558,509	-	2,558,509	1,643,549	-	1,643,549
Management and general	209,710	-	209,710	254,215	-	254,215
Fundraising	14,746	-	14,746	313,657	-	313,657
TOTAL EXPENSES	2,782,965	-	2,782,965	2,211,421	-	2,211,421
CHANGES IN NET ASSETS	287,429	98,275	385,704	636,790	(1,725)	635,065
NET ASSETS, BEGINNING OF YEAR	2,939,213	39,025	2,978,238	2,302,423	40,750	2,343,173
NET ASSETS, END OF YEAR	\$ 3,226,642	\$ 137,300	\$ 3,363,942	\$ 2,939,213	\$ 39,025	\$ 2,978,238

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

LAUREN'S KIDS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31,

	2020				2019			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Salaries and benefits	\$ 170,075	\$ 146,662	\$ 5,627	\$ 322,364	\$ 66,438	\$ 180,690	\$ 56,247	\$ 303,375
Payroll taxes	9,932	8,565	329	18,826	3,842	10,450	3,253	17,545
Advertising	-	-	-	-	19,152	-	-	19,152
Credit card processing fees	764	-	6,387	7,151	30	48	13,836	13,914
Conferences, meetings and travel	24,392	46	38	24,476	28,372	855	86	29,313
Facilities and equipment rental	42,226	6,216	1,437	49,879	18,200	3,819	41,117	63,136
Insurance	4,124	614	143	4,881	3,267	233	2,502	6,002
In-kind expenses	642,075	-	-	642,075	68,500	-	187,023	255,523
Miscellaneous	92	982	491	1,565	-	1,577	-	1,577
Postage and delivery	15,369	154	261	15,784	24,894	1,618	7,454	33,966
Printing and copying	51,771	75	-	51,846	61,170	1,913	668	63,751
Other office expenses	24,283	7,719	33	32,035	10,161	6,477	1,471	18,109
Awards	4,500	-	-	4,500	18,000	-	-	18,000
Program services	1,379,126	-	-	1,379,126	1,202,890	-	-	1,202,890
Professional services	166,636	38,677	-	205,313	93,195	46,535	-	139,730
Supplies, materials and other	6,372	-	-	6,372	12,846	-	-	12,846
Other program expenses	16,772	-	-	16,772	12,592	-	-	12,592
Total	\$ 2,558,509	\$ 209,710	\$ 14,746	\$ 2,782,965	\$ 1,643,549	\$ 254,215	\$ 313,657	\$ 2,211,421

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

LAUREN'S KIDS, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 385,704	\$ 635,065
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Changes in operating assets and liabilities:		
Grants and other receivables	(453,933)	337,156
Prepaid expenses	(121,637)	9,958
Accounts payable and accrued expenses	(18,948)	(12,601)
Refundable advance	(31,000)	31,000
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(239,814)	1,000,578
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Paycheck Protection Program Loan	40,224	-
NET (DECREASE) INCREASE IN CASH AND RESTRICTED CASH	(199,590)	1,000,578
CASH AND RESTRICTED CASH, BEGINNING OF YEAR	2,656,413	1,655,835
CASH AND RESTRICTED CASH, END OF YEAR	\$ 2,456,823	\$ 2,656,413
SUPPLEMENTAL DISCLOSURE OF CASH AND RESTRICTED CASH:		
The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position to the amount shown in the statements of cash flows:		
Cash	\$ 2,319,523	\$ 2,617,388
Restricted cash	137,300	39,025
	\$ 2,456,823	\$ 2,656,413

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

LAUREN'S KIDS, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

1. ORGANIZATION

Lauren's Kids, Inc. (the "Organization") is a Florida not-for-profit corporation organized to prevent sexual abuse through awareness and education, and to help survivors heal with guidance and support. The State of Florida, through its agencies, provides substantial direct and indirect support to the Organization. The Organization receives the majority of this funding for the creation and distribution of a safety curriculum. Similar activities will be undertaken in the future depending upon future funding.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Assets are presented in the statements of financial position according to their nearness of their conversion to cash and liabilities according to their nearness of their maturity and resulting use of cash.

Financial Statement Presentation

Net assets and revenues, gains and losses are classified into two classes of net assets based on the existence or absence of donor-imposed restrictions. The two classes of net asset categories are as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Management Estimates

The preparation of financial statements in conformity with U.S. GAAP 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.

Significant Vendors

The Organization uses various third party service providers for its programs. For the year ended December 31, 2020, payments to three vendors totaled approximately \$630,000. For the year ended December 31, 2019, payments to two vendors totaled approximately \$700,000.

Significant Grantor

The State of Florida, through its agencies, accounted for 55% and 56% of total support and revenue for the years ended December 31, 2020 and 2019, respectively.

Restricted Cash

Restricted cash consists of special events revenue with donor restrictions (NOTE 9).

LAUREN'S KIDS, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Other Receivables

Grants and other receivables are reported at net realizable value. The allowance for doubtful accounts is the Organization's best estimate of the amount that will not be collected. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is remote. Management has determined no allowance is necessary as of December 31, 2020 and 2019 since all receivables were collected subsequent to year end.

Furniture and Equipment, Net

Furniture and equipment are stated at cost. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets, ranging from 3 to 5 years. The Organization capitalizes furniture and equipment in excess of \$500. At December 31, 2020 and 2019, all furniture and equipment were fully depreciated.

Revenue Recognition – Contributions

Transfers of cash or other assets or settlement of liabilities that are both voluntary and nonreciprocal are recognized as contributions. Contributions may either be conditional or unconditional. A contribution is considered conditional when the donor imposes both a barrier and a right of return. Conditional contributions are recognized as revenue on the date all donor-imposed barriers are overcome or explicitly waived by the donor. Barriers may include specific and measurable outcomes, limitations on the performance of an activity and other stipulations related to the contribution. A donor has a right of return of any assets transferred or a right of release of its obligation to transfer any assets in the event the Organization fails to overcome one or more barriers. Assets received before the barrier is overcome are accounted for as refundable advances. The Organization does not have any conditional contributions as of December 31, 2020 or 2019.

Unconditional contributions may or may not be subject to donor-imposed restrictions. Donor-imposed restrictions limit the use of the donated assets but are less specific than donor-imposed conditions. Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations about the use of the donated assets, or if they are designated as support for future periods.

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 statements of activities as "net assets released from restrictions." Donor-restricted contributions whose restrictions are met in the same reporting period in which received are reported as net assets without donor restrictions.

All contributions are considered to be available for use, unless specifically restricted by the donor.

Grant Revenue, Vehicle Registration, Voluntary Contributions and Special Projects

The Organization receives grants and contracts from several sources including governmental agencies and other grantors. Revenue from grants and contracts designated for use in specific activities is recognized in the period when expenditures have been incurred in compliance with the grant or contract. Funds received from grants and contracts in excess of expenditures incurred is recorded as a refundable advance.

Revenue Recognition – Exchange Transactions

Reciprocal transfers in which each party receives and sacrifices goods or services with approximate commensurate value are recognized as exchange transactions. The Organization adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") *Topic 606, Revenue from Contracts with Customers* ("Topic 606") on January 1, 2020 using the modified retrospective method applied to all contracts not completed as of the date of the adoption. The core principle is 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.

LAUREN'S KIDS, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition – Exchange Transactions (Continued)

To achieve that core principle, an entity should apply the following steps: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

The modified retrospective adoption method requires the Organization to record a transition adjustment for the new revenue standard, if any, as a cumulative effect adjustment to beginning net assets as of the date of adoption. No adjustments to the Organization's beginning net assets were required as a result of adopting Topic 606.

Special Events

The Organization applies Topic 606 to exchange transactions in which it receives consideration from individuals for special events. The portion of ticket sales for special events that relates to the commensurate value the attendee receives in return is recognized as revenue without donor restriction at the point in time when the related events are held, and performance obligations are met. Contributions from special events is recorded as support without donor restrictions (unless restricted by the donor) when received in the period the event occurs. Cash received for events occurring in the future are recorded as increases in net assets with donor restrictions and released from restriction in the year the event occurs.

Program Service Revenue

The Organization generates program service revenues from curriculum and merchandise sales, recycling services and program events at a point in time. Under U.S. GAAP, these arrangements are exchange transactions, under Topic 606, between the Organization and the individuals participating in the Organization's programs or using their services. Program service revenue is recognized as related expenditures are incurred, services are performed, products are delivered or once an event occurs and therefore the performance obligation is met.

In-kind Contributions

In-kind contributions are reflected as contributions at their fair value at the date of donation and are reported as support without donor restrictions unless explicit donor stipulations specify how donated assets must be used. The Organization recognizes the fair value of contributed services received if such services create or enhance nonfinancial assets or requires specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. In-kind contributions are comprised of donated media, advertising, travel, legal and other services. Donated services provided by volunteers in connection with various programs are not recorded as contributions by the Organization within the financial statements since they do not meet the requirements under financial accounting standards.

Prepaid Expenses

Prepaid expenses primarily consist of deferred charges related to special events for the upcoming year.

Functional Expenses

Functional expenses are those expenses incurred by the Organization in the accomplishment of their mission. The statements of functional expenses present expenses by function and natural classification. Expenses that can be directly identified with the program or supporting service are reported as expenses of those functional areas. Other expenses are allocated among program and supporting services based on a reasonable basis that is consistently applied. The expenses that are allocated include: depreciation, insurance, maintenance and repairs, rent, utilities, and other expenses which are allocated based on estimated usage; salaries and wages, payroll taxes and employee benefits, are allocated on the basis of estimates of time and effort.

LAUREN'S KIDS, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Status

The Organization is exempt from federal taxes under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended and similar Florida statutes. Accordingly, no provision for income taxes has been recorded.

The Organization recognizes and measures tax positions based on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other non-interest expense, respectively.

The U.S. Federal jurisdiction is the major tax jurisdiction where the Organization files informational tax returns. The Organization is generally no longer subject to U.S. Federal examinations by tax authorities for years before 2017.

Adopted Accounting Pronouncement

Revenue From Contracts With Customers

The Organization adopted ASC Topic 606, beginning January 1, 2020, using the modified retrospective method. Under Topic 606, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. In addition, the update requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization determined that the adoption of Topic 606 did not have a material effect on beginning net asset balances because revenue is recognized as services are provided under both the current and prior accounting rules and as such no cumulative-effect adjustment in net assets was recorded as a result of the adoption of Topic 606.

Accounting Pronouncements to be Adopted

Lease Accounting

In February 2016, the FASB issued an accounting standard update ("ASU") which amends existing lease guidance. The update requires lessees to recognize a right-of-use asset and related lease liability for many operating leases now currently off-balance sheet under current U.S. GAAP. Also, the FASB has issued amendments to the update with practical expedients related to land easements, lessor accounting, and disclosures related to accounting changes and error corrections.

The update originally required transition to the new lease guidance using a modified retrospective approach which would reflect the application of the update as of the beginning of the earliest comparative period presented. A subsequent amendment to the update provides an optional transition method that allows entities to initially apply the new lease guidance with a cumulative-effect adjustment to the opening balance of equity in the period of adoption. If this optional transition method is elected, after the adoption of the new lease guidance, the Organization's presentation of comparative periods in the financial statements will continue to be in accordance with current lease accounting. The Organization is evaluating the method of adoption it will elect. The update is effective for fiscal years beginning after December 15, 2021, and for interim periods within fiscal years beginning after December 15, 2022, with early application permitted. Management is currently evaluating the impact of this ASU on its financial statements.

Contributed Nonfinancial Assets

In September 2020, the FASB issued an ASU which amends guidance for not-for-profit entities that receive contributed nonfinancial assets. The update requires not-for-profits to present contributed nonfinancial assets as a separate line item in the statement of activities, and to disclose information regarding each type of contributed nonfinancial assets. The update is to be applied on a retrospective basis and is effective for annual reporting periods beginning after June 15, 2021, and for interim reporting periods beginning after June 15, 2022. The Organization is currently evaluating the effect the update will have on its financial statements.

Subsequent Events

The Organization has evaluated subsequent events through October 21, 2021, which is the date the financial statements were available to be issued. No material subsequent events have occurred through that date that require recognition or disclosure in the financial statements, except as disclosed in Notes 6 and 8.

LAUREN'S KIDS, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization's financial assets available within one year of the statements of financial position date for general expenditures are as follows:

	<u>2020</u>	<u>2019</u>
Cash	\$ 2,319,523	\$ 2,617,388
Restricted cash	137,300	39,025
Grants and other receivables	<u>851,700</u>	<u>397,767</u>
Total financial assets	3,308,523	3,054,180
Less: amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose/time restrictions	<u>137,300</u>	<u>39,025</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 3,171,223</u>	<u>\$ 3,015,155</u>

The Organization's net assets without donor restrictions are available to fund liquidity needs as they arise.

4. GRANTS AND OTHER RECEIVABLES

Grants and other receivables consist of the following at December 31,:

	<u>2020</u>	<u>2019</u>
Florida Department of Education	\$ 842,669	\$ 368,480
Florida Department of Highway Safety and Motor Vehicles	5,941	17,989
Other receivables	<u>3,090</u>	<u>11,298</u>
	<u>\$ 851,700</u>	<u>\$ 397,767</u>

All receivables were collected subsequent to year end.

5. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following at December 31,:

	<u>2020</u>	<u>2019</u>
Accounts payable	\$ 5,985	\$ 30,668
Accrued professional service fees	18,500	18,500
Accrued payroll	<u>17,917</u>	<u>12,182</u>
	<u>\$ 42,402</u>	<u>\$ 61,350</u>

6. GRANT REVENUE

Grant revenue consists of the following at December 31:

	<u>2020</u>	<u>2019</u>
Florida Department of Education	<u>\$ 1,224,189</u>	<u>\$ 1,051,334</u>

Subsequent to the year ended December 31, 2020, the Organization was notified that funding for a major program remained the same at \$2,000,000 for the 2021-2022 grant year.

LAUREN'S KIDS, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

7. IN-KIND CONTRIBUTIONS

In-kind contributions are recognized in the accompanying financial statements based on their fair value at the time of donation. In-kind contributions are included within "in-kind expenses" in the statements of functional expenses. In-kind contributions consist of the following for the years ended December 31,:

	<u>2020</u>	<u>2019</u>
Professional services	\$ 100,000	\$ 100,000
Program services	532,421	-
Other goods and services	<u>9,654</u>	<u>155,523</u>
	<u>\$ 642,075</u>	<u>\$ 255,523</u>

8. PAYCHECK PROTECTION PROGRAM LOAN

On April 20, 2020, the Organization received a loan of \$40,224 under the Paycheck Protection Program ("PPP") authorized by the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") that was signed into law on March 27, 2020. The application for these funds requires the Organization to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Organization. This certification further requires the Organization to take into account its current business activity and its ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on the Organization having initially qualified for the loan and qualifying for the forgiveness of such loan based on its future adherence to the forgiveness criteria.

The loan began accruing interest at a rate of 1.00% on the effective date. Principal payments are due in equal monthly installments commencing November 20, 2020. The loan matures on April 20, 2022, at which time all unpaid principal and accrued interest is due. Under the PPP, loan funds are eligible for forgiveness to the extent that they are used to cover certain payroll, rent, and utility costs and if the Organization retains employees during a specified period. The proceeds from the loan are recognized as a financial liability. The proceeds will be recognized as a gain on extinguishment of debt once forgiveness has been granted and the Organization is legally released of the obligation. As of December 31, 2020, the amount outstanding on the PPP loan was approximately \$40,000 and is reflected within the caption "Paycheck Protection Program Loan" on the accompanying statements of financial position.

Approximate maturities of the Paycheck Protection Program loan as of December 31, 2020 is as follows:

<u>Years Ending December 31,</u>	
2021	\$ 28,393
2022	<u>11,831</u>
	<u>\$ 40,224</u>

The Organization applied for loan forgiveness and in March 2021 the entire amount was forgiven.

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of cash received for special events that will take place in the upcoming year and totaled \$137,300 and \$39,025 at December 31, 2020 and 2019, respectively.

LAUREN'S KIDS, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

10. OPERATING LEASE

The Organization leases its office space under an operating lease which expires in 2022. Approximate minimum future rental commitments are \$55,000 per year until 2021, and \$45,000 in the year of expiration. Payments made under this arrangement, including rent and other variable charges, totaled \$49,879 and \$63,136 for the years ended December 31, 2020 and 2019, respectively, and are included in "Facilities and equipment rental" in the statements of functional expenses.

11. RISK AND UNCERTAINTIES

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and grants receivable. At times during the year, the Organization's cash balances may exceed federally insured limits. The Organization has not experienced losses in any such accounts.

Grants receivable credit risk is limited due to the nature of the government grants. The Organization regularly monitors its grants receivable by investigating delayed payments and differences when payments received do not conform to the amount billed. The Organization considers all grants receivable as collectible.

COVID-19 and CARES Act

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. The Organization's major revenue sources are from donations from individuals, corporations, grants and special events. Several events that were scheduled to take place in 2020 were cancelled or postponed due to the pandemic. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for future years. However, the outbreak may have a continued material adverse impact on economic and market conditions, triggering a period of national economic slowdown. As such, the Organization's financial condition and liquidity may be negatively impacted for the fiscal year 2021.

On March 27, 2020, the "Coronavirus Aid, Relief, and Economic Security ("CARES") Act" was signed into law. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits and deferment of employer side social security payments. It also appropriated funds for the SBA Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. Management determined that they did not need to rely on such funding to support the Organization. The Organization noted no material impact from the other tax provisions of the CARES Act. On December 27, 2020, the Consolidated Appropriations Act, 2021 (the "Act") was passed, which includes \$900 billion in stimulus relief as a result of the COVID-19 pandemic. The Organization believes that the Act will have no impact on its operations.

REPORTS REQUIRED BY GOVERNMENT AUDITING
STANDARDS AND FLORIDA SINGLE AUDIT ACT



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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

To the Board of Directors
Lauren's Kids, 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 Lauren's Kids, Inc. (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 21, 2021.

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) as a basis for designing 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 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 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 a direct and material effect on the financial statements. 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.

Miami, Florida
October 21, 2021

BDO USA, LLP
Certified Public Accountants



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

To the Board of Directors
Lauren's Kids, Inc.

Report on Compliance for Each Major State Project

We have audited Lauren's Kids, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the Organization's major state projects for the year ended December 31, 2020. The Organization's major 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 state statutes, regulations, and the terms and conditions applicable to its state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major 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; and Chapter 10.650, *Rules of the Florida Auditor General*. Those standards and Chapter 10.650, *Rules of the Florida Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the 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 state project. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major 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 its major state project for the year ended December 31, 2020.



Report on Internal Control Over Compliance

Management of the Organization 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 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 state project and to test and report on internal control over compliance in accordance with Chapter 10.650, *Rules of the Auditor General* but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

Report on Internal Control Over Compliance (Continued)

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650, *Rules of the Florida Auditor General*. Accordingly, this report is not suitable for any other purpose.

Miami, Florida
October 21, 2021

BDO USA, LLP
Certified Public Accountants

SUPPLEMENTAL INFORMATION

LAUREN'S KIDS, INC.

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2020

State Grantor Pass through grantor State Project Title	CSFA Number	Contract/ Grant Number	Transfer to Sub-recipients	Expenditures
State of Florida Department of Education and Commissioner of Education				
Safer, Smarter Schools	48.148	92F-90570- 0Q001, 92F- 90570-1Q001	\$ -	\$ 1,224,189
State of Florida Department of Highway Safety and Motor Vehicles				
Prevent Sexual Child Abuse Voluntary Contribution	76.112	*	-	232,965
Lauren's Kids License Plates	76.134	*	-	223,501
Total Expenditures of State Financial Assistance			\$ -	\$ 1,680,655

(*) Not available.

See Notes to Schedule of Expenditures of State Financial Assistance.

LAUREN'S KIDS, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE FOR THE YEAR ENDED DECEMBER 31, 2020

1. GENERAL INFORMATION

The accompanying Schedule of Expenditures of State Financial Assistance (the "Schedule") presents the activity of all state projects of Lauren's Kids, Inc. (the "Organization") for the year ended December 31, 2020. The Schedule presents only a selected portion of the operations of the Organization and it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

2. BASIS OF PRESENTATION

The accompanying Schedule is presented using the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements Section 215.97, *Florida Statutes*. The amounts reported in the Schedule as expenditures may differ from certain financial reports submitted to State funding agencies due to those reports being submitted on either a cash or modified accrual basis of accounting.

3. SUB-RECIPIENTS

None of the expenditures of state financial assistance included in the Schedule were paid or provided to sub-recipients.

LAUREN'S KIDS, INC.

**SCHEDULE OF FINDINGS AND
QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

SECTION I – SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

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

State Projects

Internal control over major projects:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None Reported

Type of auditor's report issued on compliance for major projects:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650, Rules of the Florida Auditor General

_____ Yes X No

Identification of major state project:

CSFA Number

48.148

Name of State Financial Assistance Project

Safer, Smarter Schools

Dollar threshold used to distinguish between Type A and Type B projects:

\$ 750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

LAUREN'S KIDS, INC.

SCHEDULE OF FINDINGS AND
QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

SECTION II - FINDINGS – AUDIT OF FINANCIAL STATEMENTS

None.

SECTION III - FINDINGS AND QUESTIONED COSTS – MAJOR STATE PROJECT

None.

SECTION IV - PRIOR YEAR FINDINGS AND OTHER MATTERS

A summary schedule of prior audit findings is not required because there were no prior audit findings.

A management letter is not required as there were no findings required to be reported.

A corrective action plan is not required as there were no findings required to be reported under the Florida Single Audit Act.