

**Safe Children Coalition, Inc.
and Safe Children Coalition Foundation, Inc.**

Consolidated Financial Statements,
Supplemental Information,
Contract Compliance, and
Independent Auditor's Report
June 30, 2020

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Independent Auditor's Report

The Board of Directors
Safe Children Coalition, Inc.
and Safe Children Coalition Foundation, Inc.
Sarasota, Florida

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Safe Children Coalition, Inc. (SCC) and Safe Children Coalition Foundation, Inc. (Foundation), (collectively the Organization), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Safe Children Coalition, Inc. and Safe Children Coalition Foundation, Inc. as of June 30, 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 Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.650, *Rules of the Auditor General*, and the Schedule of Expenditures of Local Assistance and Matching Funds are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental information on pages 26-27 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2020 on our consideration of Safe Children Coalition, Inc. and Safe Children Coalition Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Safe Children Coalition, Inc. and Safe Children Coalition Foundation, 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 Safe Children Coalition, Inc. and Safe Children Coalition Foundation, Inc.'s internal control over financial reporting and compliance.



Sarasota, Florida
December 28, 2020

**Safe Children Coalition, Inc.
and Safe Children Coalition Foundation, Inc.**

Consolidated Statement of Financial Position

June 30, 2020

Assets

Cash and cash equivalents (Note 4)	\$ 5,216,844
Accounts receivable	31,851
Contracts receivable (Note 5)	1,760,044
Assets held in charitable trusts (Note 6)	141,950
Contributions receivable from trusts (Note 6)	451,084
Other assets (Note 7)	145,714
Investments - partnership (Note 8)	94,328
Investments - trust account (Note 8)	2,242,397
Land, buildings and equipment, net (Note 9)	<u>656,128</u>
Total Assets	<u>\$ 10,740,340</u>

Liabilities and Net Assets

Liabilities:

Accounts payable	\$ 1,398,454
Accrued expenses	627,192
Deferred revenue and government contracts (Note 11)	1,447,691
Payroll Protection Program forgivable loan (Note 12)	1,223,637
Liability under trust agreements	22,639
Custodial liabilities (Note 15)	102,695
Capital lease obligations payable	1,106
Notes payable (Note 14)	<u>51,010</u>
Total Liabilities	<u>4,874,424</u>

Net Assets:

Without donor restrictions:

Undesignated	2,137,894
Board designated (Note 18)	<u>690,499</u>
Total net assets without donor restrictions	<u>2,828,393</u>

With donor restrictions:

Purpose and time restrictions (Note 19)	1,811,911
Perpetual in nature (Note 19)	<u>1,225,612</u>
Total net assets with donor restrictions	<u>3,037,523</u>

Total Net Assets 5,865,916

Total Liabilities and Net Assets \$ 10,740,340

See accompanying notes to consolidated financial statements.

**Safe Children Coalition, Inc.
and Safe Children Coalition Foundation, Inc.**

Consolidated Statement of Activities
Year Ended June 30, 2020

Net Assets Without Donor Restrictions:	
Revenue, Support and Releases:	
Contracts and government grants	\$ 39,522,012
Government grant - Payroll Protection Program	910,763
Program fees, net of discounts of \$7,913	276,252
SCC Foundation, Inc. grants	26,989
United Way grants	52
Sales of supplies and services	1,856
Other revenue	5,558
Net assets released from restrictions	73,633
Total revenue, support and releases	<u>40,817,115</u>
Functional Expenses:	
Program services	40,393,403
Management and general	1,277,789
Fundraising	57,421
Total functional expenses	<u>41,728,613</u>
Non-Operating Activities:	
Contributions	311,452
In-kind contributions	312,692
Event loss, net of contributions and expenses	(10,450)
Interest and dividends, net of investment expenses	37,154
Loss on disposal of land, buildings and equipment	(16,920)
Equity gain on investment	6,882
Unrealized and realized gains on investments - trust account	71,820
Change in value of split interest agreements	5,785
Total non-operating activities	<u>718,415</u>
Change in net assets without donor restrictions	<u>(193,083)</u>
Net Assets With Donor Restrictions:	
Purpose and time restricted net assets:	
Contributions	264,364
Change in value of split interest agreements	(8,863)
Net assets released from restrictions	(73,633)
Change in purpose and time restricted net assets	<u>181,868</u>
Change in net assets with donor restrictions	<u>181,868</u>
Change in net assets from continuing operations	<u>(11,215)</u>
Loss from discontinued operations (Note 28)	(6,003,667)
Change in net assets	(6,014,882)
Net assets, at the beginning of year	<u>11,880,798</u>
Net assets, at the end of year	<u>\$ 5,865,916</u>

See accompanying notes to consolidated financial statements.

**Safe Children Coalition, Inc.
and Safe Children Coalition Foundation, Inc.**

Consolidated Statement of Cash Flows
Year Ended June 30, 2020

Cash Flows from Operating Activities:	
Change in net assets	\$ (6,014,882)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation and amortization	764,593
Loss on disposal of land, buildings and equipment	5,114,588
Unrealized and realized gain on investments - trust account	(71,820)
Equity gain on investments	(6,882)
Change in value of split interest agreements	3,078
Bad debts	(1,383)
Change in operating assets:	
Accounts and contracts receivable, net	(363,544)
Pledges receivable, net	15,897
Assets held in charitable trusts	1,336
Contributions receivable from trusts	7,526
Other assets	(36,750)
Change in operating liabilities:	
Accounts payable	(141,410)
Accrued expenses	190,466
Deferred revenue and government contracts	334,282
Payroll Protection Program forgivable loan	1,223,637
Liability under trust agreements	(8,862)
Custodial liabilities	(37,494)
Total adjustments	<u>6,987,258</u>
Net cash provided by operating activities	<u>972,376</u>
Cash Flows from Investing Activities:	
Purchases of investments - trust account	(538,911)
Purchases of land, buildings and equipment	(86,172)
Proceeds from sale of investments	1,356,226
Proceeds from disposal of assets	1,352,869
Net cash provided by investing activities	<u>2,084,012</u>
Cash Flows from Financing Activities:	
Proceeds from line of credit	425,000
Principal payments on notes payable and capital lease obligations payable	(221,241)
Net cash provided by financing activities	<u>203,759</u>
Change in cash and cash equivalents	3,260,147
Cash and cash equivalents, at the beginning of year	1,956,697
Cash and cash equivalents, at the end of year	<u>\$ 5,216,844</u>
Supplemental disclosure of cash flow information:	
Cash paid for interest	<u>\$ 144,724</u>
In-kind contributions	<u>\$ 312,692</u>
Material non-cash transactions not reflected in the statement of cash flows include:	
Settlement of note payable and capital lease obligations payable through sale of assets	<u>\$ 3,046,834</u>

See accompanying notes to consolidated financial statements.

**Safe Children Coalition, Inc.
and Safe Children Coalition Foundation, Inc.**
Consolidated Statement of Functional Expenses
Year Ended June 30, 2020

	Youth & Family Services	Educational Outreach Services	Health Enhancement	Foster Care / Child Welfare	Program Services	Management and General	Fund- Raising	Total
Subcontracted services	\$ -	\$ -	\$ -	\$ 3,742,295	\$ 3,742,295	\$ -	\$ -	\$ 3,742,295
Residential services	-	-	-	8,961,078	8,961,078	-	-	8,961,078
Foster parent, adoption and independent living subsidies	-	-	-	9,664,025	9,664,025	-	-	9,664,025
Client services	16,899	-	-	1,941,173	1,958,072	-	-	1,958,072
Youth scholarships	3,000	41,182	-	-	44,182	-	-	44,182
Salaries	1,247,224	253,255	149,929	8,344,118	9,994,526	500,263	27,131	10,521,920
Employee benefits and payroll taxes	312,053	61,490	21,280	1,948,777	2,343,600	114,027	2,283	2,459,910
Professional services	26,678	1,888	-	643,857	672,423	224,903	10,160	907,486
Supplies	79,071	30,306	7,740	164,550	281,667	11,495	1,782	294,944
Telephone and networking	22,884	3,242	9,831	202,355	238,312	3,213	41	241,566
Postage and shipping	239	86	-	21,455	21,780	3,427	94	25,301
Occupancy	55,806	6,161	32,774	958,457	1,053,198	182,755	3,018	1,238,971
Repairs and maintenance	14,835	5,048	3,170	143,074	166,127	65,331	11,196	242,654
Community relations	-	-	-	4,014	4,014	-	-	4,014
In-kind contribution expense	-	-	-	312,692	312,692	-	-	312,692
Travel and client transportation	22,787	8,490	1,773	269,403	302,453	411	-	302,864
Staff development and conferences	17,239	216	3,996	72,613	94,064	809	324	95,197
Dues and licenses	12,951	5,084	765	37,234	56,034	2,471	(134)	58,371
General insurance	37,529	2,552	28,060	250,669	318,810	31,896	-	350,706
Credit card and bank charges	-	-	11,708	13,892	25,600	5,558	1,404	32,562
Miscellaneous	37	-	-	9,659	9,696	719	-	10,415
Bad debts	-	-	(7,702)	2,632	(5,070)	-	-	(5,070)
Total functional expenses before depreciation, amortization, and interest	1,869,232	419,000	263,324	37,708,022	40,259,578	1,147,278	57,299	41,464,155
Depreciation and amortization	37,975	257	44,954	50,266	133,452	99,626	122	233,200
Interest	373	-	-	-	373	15,364	-	15,737
Mortgage interest	-	-	-	-	-	15,521	-	15,521
Total functional expenses	<u>\$ 1,907,580</u>	<u>\$ 419,257</u>	<u>\$ 308,278</u>	<u>\$ 37,758,288</u>	<u>\$ 40,393,403</u>	<u>\$ 1,277,789</u>	<u>\$ 57,421</u>	<u>\$ 41,728,613</u>

See accompanying notes to consolidated financial statements.

**Safe Children Coalition, Inc.
and Safe Children Coalition Foundation, Inc.**

Notes to Consolidated Financial Statements
June 30, 2020

I. Description of Organization

Safe Children Coalition, Inc. (SCC) is a 501(c)(3) non-profit organization founded in 1945, formerly known as the Sarasota Family Young Men's Christian Association, Inc. (YMCA). SCC is committed to providing a diverse array of services to the most disadvantaged and at-risk youth and families in our community and provided various programs and services in three counties during the year ended June 30, 2020. Safe Children Coalition Foundation, Inc. (Foundation) was created in 1981, formerly known as YMCA Foundation of Sarasota, Inc., for the sole purpose of raising funds to support the organization. SCC is the sole member of the Foundation.

The mission statement of the organization is "Safe Children Coalition is a community coalition blending available resources to support, advocate, grow and educate the children and families we serve."

The major program areas of the Safe Children Coalition include:

Foster Care/Child Welfare – Since 1997, SCC has been the contracted lead agency with the Department of Children and Families to provide foster care, adoptions and related child welfare services in Circuit 12. SCC provided its Child Welfare/Foster Care Program in Sarasota, Manatee and Desoto counties during the year ended June 30, 2020. The Child Welfare/Foster Care Program provides the following services: diversion, intervention, child and family assessment, case management, family preservation, parent training and support groups, out of home placement, reunification and adoptions.

Youth & Family Services - SCC Youth Prevention Services provide family counseling and consultation on a non-residential basis, directed at preventing youth from running away, being truant or becoming ungovernable. Residential services are provided through the Youth Shelter for homeless, foster and runaway youth ages 10 through 17. The Schoolhouse Link program coordinates educational services for homeless youth in Sarasota County.

Educational Outreach Services - Operation Graduation is a continuum of educational outreach programs serving children from preschool to high school seniors. Programs include the Home Instruction for Parents of Preschool Youngsters (HIPPY), a home-based educational early childhood literacy program in which SCC Parent Educators teach parents and other guardians to prepare their children for school; and the Achievers program for middle and high school students to enhance academic achievement and assist with college and career preparation. The Adventure Club program provides before and/or after school programming for 3 elementary schools within Sarasota County.

Health Enhancement - In 2019, the Organization determined that the operations of the non-performing segment, the fitness centers, should be discontinued. One fitness center in Hardee County was closed on April 12, 2019. The remaining two fitness centers, located in Sarasota County, were closed on September 13, 2019. The closing of all fitness centers precipitated the return of the YMCA charter to Y of the USA and a corporate name change to Safe Children Coalition, Inc. See Note 28.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the amounts of SCC and Foundation, collectively referred to as the Organization. SCC holds an economic interest in the Foundation. All material intercompany transactions have been eliminated.

Safe Children Coalition, Inc.
and Safe Children Coalition Foundation, Inc.

Notes to Consolidated Financial Statements (Continued)

June 30, 2020

2. Summary of Significant Accounting Policies (Continued)

Consolidated Financial Statements

The consolidated financial statements and notes are representations of the Organization's management who is responsible for their integrity and objectivity. The accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the consolidated financial statements.

Use of Estimates

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

Revenue Recognition

The accounting and reporting policies of the Organization comply with the accounting and reporting provisions of the American Institute of Certified Public Accountants. Net assets and public support, revenue and gains are classified based on the existence or absence of donor-imposed restrictions. When the purpose of the 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. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions - net assets that are not subject to donor imposed restrictions and Board designated funds, established by SCC's Board of Directors (SCC Directors) or Foundation's Board of Trustees (Foundation Trustees), are classified as net assets without donor restrictions. Donor-restricted contributions whose restrictions are met in the year of contribution are reported as net assets without donor restrictions.

Net assets with donor restrictions - net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

Other donor-imposed restrictions are perpetual in nature and represent donor-restricted endowments whereby the use of principal is prohibited. The income generated by these endowments may be without restrictions or designated for a specific program by the donor.

Donated Materials and Services

Donated property and equipment for use by the Organization are capitalized at the fair value at the time of receipt. The Organization has recorded the revenue and expense relating to services donated by attorneys, architects and contractors. The value of these services, property and equipment recorded in the accompanying consolidated financial statements amounted to \$312,692 for the year ended June 30, 2020.

A number of unpaid volunteers have made significant contributions of their time to support the programs of the Organization. These services do not meet the criteria for recognition as donated revenue under generally accepted accounting principles, and as a result, the value of these volunteer hours has not been recognized in the consolidated statement of activities.

Safe Children Coalition, Inc.
and Safe Children Coalition Foundation, Inc.

Notes to Consolidated Financial Statements (Continued)

June 30, 2020

2. Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services that benefited. The expenses that are allocated include depreciation, salaries, benefits and payroll taxes, and other expenses for services which are allocated on the basis of estimated time and effort.

Income Taxes

SCC and Foundation have been recognized by the Internal Revenue Service as tax-exempt under Section 501(c)(3) of the Internal Revenue Code of 1986. Under the Income Taxes Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), SCC and Foundation have reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the consolidated financial statements.

SCC and Foundation file income tax returns in the U.S. federal jurisdiction and the state of Florida. The tax periods open to examination by the major taxing jurisdictions to which SCC and Foundation are subject include the fiscal years ended June 30, 2017 through June 30, 2020.

Financial Instruments Not Measured at Fair-Value

Certain of the Organization's financial instruments are not measured at fair value on a recurring basis but are recorded at amounts that approximate fair value due to their liquid or short-term nature. Such financial assets and liabilities include cash and cash equivalents, accounts receivable, contracts receivable, other assets, accounts payable, accrued expenses, deferred revenue and government contracts, and custodial liabilities.

Recent Accounting Pronouncements

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*, which was adopted by the Organization for the year ended June 30, 2020. The ASU clarifies how entities determine whether to account for a transfer of assets as an exchange transaction or a contribution. The guidance also clarifies how entities determine whether a contribution is conditional. The timing of revenue and expense recognition depends upon whether a contribution is conditional or unconditional.

3. Liquidity and Availability

Financial assets available within one year of the consolidated statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	\$ 5,216,844
Accounts receivable	31,851
Contracts receivable	1,760,044
Investments - trust account	2,242,397
Total financial assets available	<u>9,251,136</u>

Safe Children Coalition, Inc.
and Safe Children Coalition Foundation, Inc.

Notes to Consolidated Financial Statements (Continued)

June 30, 2020

3. Liquidity and Availability (Continued)

Less: Amounts unavailable for general expenditures within one year due to:	
Restricted cash for federal grants and other purposes	(2,433,759)
Restricted by donors with purpose and time restrictions	(1,811,911)
Restricted by donors in perpetuity	<u>(1,225,612)</u>
Total amounts unavailable for general expenditures within one year	<u>(5,471,282)</u>
Less: Amounts unavailable to management without Foundation Trustee's approval:	
Board designated endowment	<u>(690,499)</u>
Total amounts unavailable to management without Foundation Trustee's approval:	<u>(690,499)</u>
Total financial assets available to management for general expenditure within one year	\$ <u><u>3,089,355</u></u>

The Organization manages its liquid assets in accordance with regular budgeting processes developed through the coordinated efforts of management and the Organization's Boards. Monthly reporting by management to those charged with governance ensures the results from operating activities are monitored closely.

The Board designated endowment of \$690,499 may be distributed to fund the operating budget. This amount could be made available if necessary.

4. Cash and Cash Equivalents

Cash consists of various checking and money market accounts. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less, except for investments to be applied to specific purposes that are included in the Organization's long-term investment strategies. Due to the timing of receipts from its various funding sources, the Organization may periodically have cash balances with any one financial institution exceeding the FDIC insured amount. Management makes every effort to maintain accounts with various financial institutions to minimize the occurrence of this situation.

SCC is a fiscal agent for certain funding sources. Funds are received and payments are distributed to program participants based upon requirements established by the funding sources. SCC maintains separate bank accounts for the cash received on behalf of the program participants and records the related custodial liability.

Restricted cash for federal grants and other purposes at June 30, 2020 amounted to \$2,433,759.

5. Contracts Receivable

Contracts receivable represent funds due from federal, state and local government agencies for SCC social service programs including Educational Outreach Services, Youth and Family Services and Foster Care/Child Welfare. Contracts receivable totaled \$1,760,044 at June 30, 2020. Management considers contracts receivable to be fully collectible.

6. Charitable Trusts and Trusts Receivable

The Foundation has been named the remainderman in several irrevocable charitable remainder trusts. The Foundation's beneficial interest in the trusts is measured at the present value of the estimated future distributions based upon the stated rates of return to be received by the designated beneficiaries, equal to 7%, over the trusts' terms.

**Safe Children Coalition, Inc.
and Safe Children Coalition Foundation, Inc.**

Notes to Consolidated Financial Statements (Continued)

June 30, 2020

6. Charitable Trusts and Trusts Receivable (Continued)

Trust assets for which the trustees are not independent of the Foundation are recorded as assets held in charitable trusts with the related liability for payments to beneficiaries in the consolidated statement of financial position. The agreements for which the Foundation is not the trustee or the trustees are independent of the Foundation are recorded as contributions receivable from trusts.

7. Other Assets

Other assets are comprised of the following at June 30, 2020:

Prepaid expenses	\$	134,405
Deposits		11,309
Total	\$	<u>145,714</u>

8. Investments

Partnership

SCC is a limited partner in Community Based Care Integrated Health, LLC (CBCIH). The purpose of the CBCIH is to establish a trust to cover medical expenses in excess of Medicare payments. SCC's investment in the CBCIH totaled \$94,328 as of June 30, 2020. The CBCIH makes a quarterly determination of whether the assets held by the trust are sufficient to meet the obligations under the service agreement. If deemed insufficient, SCC is liable for any obligations under the services agreement or debt of the CBCIH as determined by their respective share of the CBCIH's revenue. SCC will have thirty days from the date of the notice from the CBCIH to provide additional contributions.

Trust Account

The market value, cost and provision for unrealized gain on investments are summarized in the aggregate as follows at June 30, 2020:

	<u>Cost</u>	<u>Fair Value</u>	<u>Accumulated Unrealized Gain</u>
Equities	\$ 1,324,684	\$ 1,421,292	\$ 96,608
Fixed Income	806,550	821,105	14,555
Total investments	<u>\$ 2,131,234</u>	<u>\$ 2,242,397</u>	<u>\$ 111,163</u>

Investment activity for the year ended June 30, 2020 was as follows:

Interest and dividends	\$	39,940
Investment expenses		(2,786)
Interest and dividends, net of investment expenses		<u>37,154</u>
Unrealized losses on investments		(178,313)
Realized gains on investments		<u>250,133</u>
Net unrealized and realized gains on investments		<u>71,820</u>
Total	\$	<u>108,974</u>

Safe Children Coalition, Inc.
and Safe Children Coalition Foundation, Inc.

Notes to Consolidated Financial Statements (Continued)

June 30, 2020

9. Land, Buildings and Equipment

Land, buildings and equipment consist of the following at June 30, 2020:

Land	\$ 135,000
Buildings	533,099
Equipment	2,298,797
Furniture and fixtures	1,021,415
Vehicles	375,831
Equipment under capital lease agreements	26,765
Leasehold improvements	541,498
	<u>4,932,405</u>
Less accumulated depreciation and amortization	<u>(4,276,277)</u>
	<u>\$ 656,128</u>

The Organization capitalizes computer software and other assets exceeding \$1,000. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which range from 3 to 15 years for equipment, furniture and fixtures, and vehicles; and 10 to 30 years for buildings and improvements. Equipment under capital lease agreements is amortized using the straight-line method over the life of the leases and has a net book value of \$1,455 as of June 30, 2020. Leasehold improvements are being amortized over the lesser of the lease terms or the estimated useful lives of the assets. Land, buildings and equipment are recorded at cost, or if donated, at the fair market value at the time of receipt. Depreciation expense for the year ended June 30, 2020 totaled \$684,406, which includes \$531,358 related to discontinued operations. See Note 28.

Equipment has been purchased with funds received from other governmental agencies. Title to these assets acquired with government agency funds vests with SCC as long as SCC has a contract with the agencies. In accordance with contract provisions, SCC has segregated and identified this equipment. Upon contract termination, the equipment reverts to the respective agencies in accordance with their proportional interests. As of June 30, 2020, government funded assets had a total net book value of \$92,707.

10. Retirement Plans

Tax Deferred Annuity Plan

The Organization participated in The YMCA Retirement Fund Retirement Plan which is a defined contribution, money purchase, church plan that is intended to satisfy the qualification requirements of Section 401(a) of the Internal Revenue Code of 1986, as amended, and The YMCA Retirement Fund Tax-Deferred Savings Plan which is a retirement income account plan as defined in section 403(b)(9) of the code. Both plans are sponsored by The Young Men's Christian Association Retirement Fund (Fund). The Fund is a not-for-profit, tax-exempt pension fund incorporated in the State of New York (1922) organized and operated for the purpose of providing retirement and other benefits for employees of YMCAs through-out the United States. The plans are operated as church pension plans. Participation is available to all duly organized and reorganized YMCAs and their eligible employees. As defined contribution plans, the Retirement Plan and Tax-Deferred Savings Plan have no unfunded benefit obligations.

Safe Children Coalition, Inc.
and Safe Children Coalition Foundation, Inc.

Notes to Consolidated Financial Statements (Continued)

June 30, 2020

10. Retirement Plans (Continued)

Tax Deferred Annuity Plan (Continued)

In accordance with the agreement with the Retirement Fund, contributions to the Fund were a percentage of the participating employees' qualified compensation. The Fund is fully funded through retirement plan contributions for all eligible employees made by the Organization. Employees could participate in additional voluntary accounts on a tax-deferred basis. The Organization ended its participation in the Plan as of September 30, 2019, upon the return of the YMCA Charter to Y USA. The Organization's contributions charged to retirement costs for the fiscal year ended June 30, 2020 were \$110,770.

401(k) Plan

Beginning January 1, 2020, SCC offers a tax-deferred savings plan, which qualifies as a voluntary contribution savings plan under Internal Revenue Code Section 401(k). Employees may provide tax-deferred contributions to fully vested individual retirement accounts up to the Internal Revenue Code limit. The plan covers all employees meeting eligibility criteria. SCC provides a non-elective contribution for eligible employees of 3% of employee compensation, which is 100% vested. SCC may make a discretionary matching contribution equal to a uniform percentage of the employee salary deferrals. The discretionary percentage is determined annually by the SCC and will not exceed 7% of the employee's compensation. SCC's contributions to the 401(k) plan charged to retirement costs for the fiscal year ended June 30, 2020 were \$382,492.

11. Deferred Revenue and Governmental Contracts

As of June 30, 2020, deferred revenue and government contracts totaled \$1,447,691 and includes the following:

Conditional contributions received, that is those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Funds received in advance of the conditions being met are recorded as deferred revenue. As of June 30, 2020, conditional contributions included in deferred revenue totaled \$163,956.

Certain government contracts and grants are received ratably over the respective contract periods. The Organization recognizes the related revenue as grant expenditures are made. Any excess of funds received over the amount earned is considered deferred revenue which amounted to \$1,283,735 at June 30, 2020.

12. Payroll Protection Program Forgivable Loan

On April 20, 2020, SCC qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act for an aggregate principal amount of \$2,134,400 (the PPP Loan). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon SCC's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by SCC. SCC intends to apply for forgiveness of the PPP Loan with respect to these covered expenses.

Safe Children Coalition, Inc.
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Notes to Consolidated Financial Statements (Continued)

June 30, 2020

12. Payroll Protection Program Forgivable Loan (Continued)

To the extent that all or part of the PPP Loan is not forgiven, SCC will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in November 2020 principal and interest payments will be required through the maturity date in April 2022. The terms of the PPP Loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The PPP Loan may be accelerated upon the occurrence of an event of default.

SCC has recorded the PPP Loan under the government grant model in accordance with ASC 958-605, *Not-for-Profit Entities Revenue Recognition*. Under this model, the timing of recognition for a contribution received depends on whether the contribution is conditional or not. If conditional, the contribution is not recognized until the conditions are substantially met or explicitly waived. Specifically, a nongovernmental entity would initially record the cash inflow from the PPP loan as a refundable advance. The nongovernmental entity would then reduce the refundable advance and recognize the contribution once the conditions of release have been substantially met or explicitly waived. Recognition may be done in stages as conditions are met. Conditions of the PPP Loan include spending on qualified expenses, maintaining an employee headcount, and limitations on compensation reduction. As of June 30, 2020, SCC has determined that conditions have been substantially met for a portion of the PPP Loan. Accordingly, for the year ended June 30, 2020, the Organization has recognized revenue of \$910,763 in the consolidated the statement of activities. The balance of the PPP Loan at June 30, 2020 is \$1,223,637 and is recorded as a liability, Payroll Protection Program forgivable loan, in the consolidated statement of financial position.

13. Commitments

Operating Leases

The Organization leases space for administrative and program services under agreements expiring through 2021. Total future minimum lease payments under the operating leases total \$699,324 through June 30, 2021

In November 2014, the Organization entered into an agreement to lease office space which was set to expire in August 2025. The base annual rent was \$152,592, with annual increases of 3%. Effective September 1, 2019, the landlord consented to an assignment of the lease agreement to an unrelated third party. As of the effective date of the agreement, the Organization has no further responsibilities under the lease.

Rent expense related to the operating leases for the year ended June 30, 2020 totaled \$871,695.

Leaseback Arrangements

As part of the agreement for the sale of the fitness centers (Note 28), SCC is entitled to lease back the Youth Shelter, a portion of one of the fitness centers, including the parking lot. The term of the leaseback is three years, ending in February 2023. No rent shall be paid, but SCC is responsible for utilities, maintenance (excluding repair and replacement), and insurance during the lease term.

SCC is also entitled to lease back office space located at a portion of the fitness centers, including the parking lot. The term of the Office Lease is six months, ending in September 2020. No rent shall be paid, but SCC is responsible for utilities, maintenance (excluding repair and replacement), and insurance during the lease term.

Safe Children Coalition, Inc.
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Notes to Consolidated Financial Statements (Continued)

June 30, 2020

13. Commitments

Software Services

In October 2017, the Organization entered into an agreement for professional services and software subscription services that was set to expire October 2025. The software was used by the fitness centers, which closed in September 2019. On December 4, 2019, the Organization negotiated a termination agreement to substantially reduce its future commitment. As part of the termination agreement, the Organization agreed to pay the base monthly fee of \$5,925 through December 2019, in addition to a one time termination payment of \$100,000. The total paid during the year ended June 30, 2020 was \$135,550, and is included in repairs and maintenance of discontinued operations. See Note 28.

14. Debt

Notes Payable

In January 2006, the Foundation entered into a mortgage payable to a financial institution for \$770,000, payable in monthly payments over a 15 year period of \$6,919, including interest at 6.9%. Final payment, including all outstanding principle, plus accrued interest, shall be due on February 1, 2021. The mortgage is secured by the related property. The amount outstanding at June 30, 2020 is \$51,010.

In October 2014, SCC entered into a mortgage payable to a financial institution for \$2,825,000, payable in monthly payments over a 20 year period of \$17,817, including interest at 4.40% for the first five years, beginning November 29, 2014. Final payment, including all outstanding principal, plus accrued interest, was set to be due on October 29, 2034. The mortgage payable was amended October 18, 2019. Effective October 18, 2019, SCC entered into an Amended, Restated, and Consolidated Promissory Note (Note) for the mortgage payable obtained in October 2014 and the line of credit described below. The Note consolidates the mortgage payable with the line of credit and modifies the repayment terms. The outstanding principal amounts on the mortgage payable and line of credit at the time of consolidation were \$2,343,821 and \$725,000, respectively, for a total of \$3,068,821. Interest was paid at a fluctuating rate equal to a margin of 3.25% over the weekly average yield on the United States Treasury Securities adjusted to a constant maturity of one year to be adjusted every year on the anniversary date of this note. Final payment, including all outstanding principal, plus accrued interest, was to be due on October 29, 2021. The Note was paid in full upon the sale of the fitness centers. See Note 28.

Line of Credit

In November 2016, SCC entered into a revolving line of credit for maximum allowable borrowings of \$750,000 through November 2019. Borrowings under the line of credit accrued interest at a rate of The Wall Street Journal Prime Rate plus 1.5%, adjusted daily through the term of the note. Interest was due monthly. The principal balance, plus any unpaid interest was set to be payable in November 2019. Effective October 18, 2019, the line of credit was consolidated with the mortgage payable described above. Until the consolidation, the line was secured by the mortgaged property and investment securities. The total outstanding amount of approximately \$725,000 was consolidated with the mortgage payable as described above.

At the closing of the mortgages payable, the Organization incurred debt issuance costs of \$75,446. Debt issuance costs are amortized over the life of the related debt issue and are included in the depreciation and amortization line in the statement of functional expenses. Amortization expense related to debt issuance costs was \$57,842 for the year ended June 30, 2020. Interest expense totaled \$125,065 for the year ended June 30, 2020. Of this amount, \$94,754 is included in the loss on discontinued operations. See Note 28.

Safe Children Coalition, Inc.
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Notes to Consolidated Financial Statements (Continued)

June 30, 2020

15. Custodial Liabilities

SCC is the custodian for Social Security benefits for the children in its care. SCC is responsible for receiving funds from Social Security and disbursing such to the respective beneficiaries pursuant to requirements set forth by Social Security and the Florida Department of Children and Families. The funds are maintained in separate bank accounts. Custodial liabilities totaled \$102,695 as of June 30, 2020.

16. Matching Requirements on Governmental Contracts

SCC has been awarded contracts from federal and state agencies, which require matching contributions by SCC. The matching requirements were met or exceeded on completed contracts during the year ended June 30, 2020.

SCC (lead agency) administers the Foster Care and Child Welfare program for Sarasota, Manatee and Desoto counties. Under Florida Statute, a lead agency may not provide more than 35% of direct client services unless it can demonstrate a need to exceed this threshold, and must disburse and pass through contract funds received to entities that provide direct client services. In addition, there are designated contract funds that are passed through to or paid to or on behalf of the client (adoption subsidy, independent living subsidy, client supplies and services).

Government grant revenue includes the following components for the year ended June 30, 2020:

Amounts paid to subrecipients	\$ 11,895,439
Amounts paid to or on behalf of clients	11,161,178
Amounts related to services provided by SCC	<u>14,263,357</u>
Total	\$ <u>37,319,974</u>

17. Fair Value of Financial Assets and Liabilities

The Organization adopted the *Fair Value Measurements and Disclosures* Topic of the FASB Accounting Standards Codification which provides enhanced guidance for using fair value to measure assets and liabilities and clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the assets or liabilities and establishes a hierarchy that prioritizes the information used to develop those assumptions.

The following table presents information about the Organization's assets and liabilities that are measured at fair value on a recurring basis as of June 30, 2020 and indicates the fair value hierarchy of the valuation techniques used to determine such fair value. The three levels for measuring fair value are based on the reliability of inputs and are as follows:

Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities, such as publicly traded equity securities.

Level 2 - inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly. Such inputs may include quoted prices for similar assets, observable inputs other than quotes prices (interest rates, yield curves, etc.), or inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. The inputs reflect the Organization's assumptions based on the best information available in the circumstance.

**Safe Children Coalition, Inc.
and Safe Children Coalition Foundation, Inc.**

Notes to Consolidated Financial Statements (Continued)

June 30, 2020

17. Fair Value of Financial Assets and Liabilities (Continued)

The following methods and assumptions were used by the Organization in estimating the fair value of its financial instruments:

Equity - The fair value is measured based on quoted prices in principal active markets for identical assets as of the valuation date (Level 1).

Fixed Income - The fair value is measured based on quoted prices for similar assets, observable inputs other than quoted prices, or inputs derived principally from or corroborated by observable market data by correlation or other means (Level 1).

Investments - partnership - The fair value is primarily based on the respective net asset value reported by management of the limited partnership rather than actual market transactions and other observable market data (Level 3).

Contributions receivable from charitable trusts and liability under trust agreements - The fair value of these assets and liabilities are estimated by discounting future cash flows using actuarial rates from mortality tables (Level 3).

Assets held in charitable trusts and annuities - represents assets held by the Organization under charitable remainder trusts. Fair value is measured based on the underlying securities held within the trust assets, which have been determined to be Level 1 securities for the year ended June 30, 2020.

The following table sets forth the fair value hierarchy by level for the Organization's assets and liabilities measured at fair value on a recurring basis as of June 30, 2020:

Description	Total	Level 1	Level 2	Level 3
Assets:				
Equity securities	\$ 1,421,292	\$ 1,421,292	\$ -	\$ -
Fixed income securities	821,105	821,105	-	-
Total investments - trusts	<u>2,242,397</u>	<u>2,242,397</u>	<u>-</u>	<u>-</u>
Investments - partnerships	94,328	-	-	94,328
Contributions receivable from charitable trusts	451,084	-	-	451,084
Assets held in charitable trusts and annuities	141,950	141,950	-	-
Total assets at fair value	<u>\$ 2,929,759</u>	<u>\$ 2,384,347</u>	<u>\$ -</u>	<u>\$ 545,412</u>
Liabilities:				
Liability under trust agreements	\$ 22,639	\$ -	\$ -	\$ 22,639

**Safe Children Coalition, Inc.
and Safe Children Coalition Foundation, Inc.**

Notes to Consolidated Financial Statements (Continued)

June 30, 2020

17. Fair Value of Financial Assets and Liabilities (Continued)

The following is a reconciliation of the beginning and ending balances for assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) is presented below:

	Contributions Receivable From Charitable Trusts	Liability Under Trust Agreements	Investments- Partnership
Balance - June 30, 2019	\$ 458,610	\$ 28,423	\$ 87,446
Change in fair value of charitable trusts	(7,526)	(5,784)	-
Equity gain on investment	-	-	6,882
Balance - June 30, 2020	\$ 451,084	\$ 22,639	\$ 94,328

The fair value of the investments listed below have been estimated based on net asset value (NAV) per share based on the cash flow received from the projected sales proceeds. Those funds which are redeemable at the reported net asset value per share at or near the reporting date have been considered to be valued based upon level 2 inputs. Funds which are not redeemable at or near the reporting date have been considered to be valued based upon Level 3 inputs.

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investments - partnerships (a)	\$ 94,328	\$ -	n/a	n/a

(a) This investment represents SCC's interest in the CBCIH. See Note 8.

18. Board Designated Net Assets

The Foundation Trustees have designated \$690,499 as June 30, 2020 of net assets without donor restrictions to be utilized as a Board designated endowment. At the discretion of the Foundation Trustees, four to six percent of the fair market value of the assets may be distributed in the form of annual grants to SCC. Changes in the spending policy require approval of the majority of the Foundation Trustees. During the year ended June 30, 2020, the Foundation Trustees appropriated \$300,000 for expenditure. This amount is eliminated in consolidation.

**Safe Children Coalition, Inc.
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Notes to Consolidated Financial Statements (Continued)

June 30, 2020

19. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at June 30, 2020:

Subject to expenditure for a specified purpose:

Child Welfare/Foster Care	\$	731,025
Health Enhancement		49,873
Scholarships and SCC Programs		437,980
Total purpose restrictions		1,218,878

Subject to the passage of time:

Charitable Remainder Trusts		593,033
Total time restrictions		593,033

Total purpose and time restrictions		1,811,911
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Perpetual in nature:

Educational Scholarships		265,406
Discretionary Scholarships		101,698
Children's Programs		125,780
Homeless and Disadvantaged Youth		101,697
Low Income Families		130,343
Early Childhood Education		235,055
Other		265,633
Total endowments perpetual in nature		1,225,612

Total net assets with donor restrictions	\$	3,037,523
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20. Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by other events specified by donors. Purposes for which restrictions were accomplished during the year ended June 30, 2020 include the following:

Satisfaction of purpose restrictions:

Child Welfare/Foster Care	\$	25,869
Health Enhancement		11,764
Scholarships and SCC Programs		36,000
Total net assets released from restrictions	\$	73,633

21. Endowment

The Organization's endowment consists of funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Foundation Trustees to function as endowments (quasi-endowments). As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Safe Children Coalition, Inc.
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Notes to Consolidated Financial Statements (Continued)

June 30, 2020

21. Endowment (Continued)

Interpretation of Relevant Law

The Foundation Trustees have interpreted the Florida Uniform Prudent Management of Institutional Funds (FUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions-perpetual in nature (a) the original value of gifts donated to the perpetual endowment, and (b) the original value of subsequent gifts to the perpetual endowment. The remaining portion of the donor-restricted endowment fund that is not classified as perpetual in nature restricted net assets is classified as purpose restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by FUPMIFA.

In accordance with FUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the endowment fund;
2. The purposes of the Organization and the endowment fund;
3. General economic conditions;
4. The possible effect of inflation or deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Organization; and
7. The investment policies of the Organization.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level classified as perpetual in nature restricted net assets. There were no deficiencies of this nature reported in net assets with donor restrictions at June 30, 2020 and 2019.

Endowment Net Asset Composition

As of June 30, 2020, endowment net assets consisted of the following:

	Without Donor Restrictions	With Donor Restrictions
Endowment funds without donor restrictions:		
Board designated quasi-endowment funds	\$ 690,499	\$ -
Donor restricted endowment funds:		
Endowments classified as purpose restricted	-	343,865
Endowments classified as perpetual in nature	-	1,225,612
Total	\$ 690,499	\$ 1,569,477

**Safe Children Coalition, Inc.
and Safe Children Coalition Foundation, Inc.**

Notes to Consolidated Financial Statements (Continued)

June 30, 2020

21. Endowment (Continued)

Change in Endowment Net Assets

Changes in endowment net assets for the year ended June 30, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2019	\$ 955,235	\$ 1,520,639	\$ 2,475,874
Endowment investment return:			
Interest and dividends	9,024	15,857	24,881
Realized and unrealized gain, net	(34,345)	97,858	63,513
Total endowment investment return	(25,321)	113,715	88,394
Investment fees	(1,557)	(2,735)	(4,292)
Net assets released from restriction	62,142	(62,142)	-
Appropriation of endowment for expenditure	(300,000)	-	(300,000)
Total endowment activity	(264,736)	48,838	(215,898)
Endowment net assets, June 30, 2020	\$ 690,499	\$ 1,569,477	\$ 2,259,976

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified periods, as well as board designated funds. Under this policy, as approved by the Foundation Trustees, the endowment assets are invested in a manner that exceeds inflation by at least 1% while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide a real rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy for appropriating for distribution each year up to 4% annually of the 3-year moving average of the month-end market values as of May 31st. Distributions are made at the end of the fiscal year. A distribution up to 6% annually can be made by a majority vote of the Foundation Trustees. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 1% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return. Changes in the spending policy require approval of the majority of the Board.

Safe Children Coalition, Inc.
and Safe Children Coalition Foundation, Inc.

Notes to Consolidated Financial Statements (Continued)

June 30, 2020

22. Related Party Transactions

A Board member who served during the fiscal year ended June 30, 2020 is the partner of a law firm that provided legal services to the Organization. The amount paid for the legal services totaled \$2,154 for the year ended June 30, 2020. Board members are required to complete conflict of interest disclosure statements and abstain from voting on related issues.

23. Concentrations

For the year ended June 30, 2020 approximately 97% of revenue and support was derived from government grants and contracts. Approximately 95% of the government grants and contracts revenue was provided for the Foster Care and Child Welfare Programs during the year ended June 30, 2020.

24. Risks and Uncertainties

The Organization's ability to maintain its operations are largely dependent on receiving government and other grant funding.

25. Other Commitments

In March 2018, SCC entered into a sub-lease agreement (Sub-Lease) with Sarasota Sharks, Inc. (Sharks), an unrelated non-profit organization, for the operation of the Aquatic Complex project, which is partially funded by a contract between Sarasota County Government (County) and SCC. The Sub-Lease was originally effective March 1, 2018 through June 30, 2025 to coincide with the County contract. Under the terms of the Sub-Lease, SCC provided the Sharks with an initial one time operating grant of \$100,000 for working capital.

Subject to the terms and conditions of the Sub-Lease and the terms and conditions of the County contract, SCC leased the Aquatic Complex to the Sharks for an annual amount of ten dollars (\$10) per year. SCC continued to maintain all areas covered by the County contract with the exception of the Aquatic Complex, which will be maintained by the Sharks.

Subject to the terms and conditions of the Sub-lease, SCC reimbursed the Sharks for its operational costs, not to exceed \$180,000 through September 30, 2019. SCC had no obligation to reimburse the Sharks for operational costs not reimbursed by the County regardless of the maximum annual reimbursement amount.

SCC was to provide \$100,000 annually to a capital replacement fund through 2025, to be held by SCC. Amounts not submitted for in a calendar period were to be accumulated, with the entire balance accrued due to the Sharks.

In January 2019, SCC entered into an Escrow Agreement and Release related to the Sub-lease. Under the terms of this agreement, SCC agreed to fund a portion of a capital replacement for a total of \$200,000, in increments of \$100,000. SCC paid the first payment of \$100,000 to the Sharks. The second \$100,000 was placed in an escrow account subject to the terms of the Escrow Agreement and Release. In consideration for these payments, the Sharks released SCC from the obligation to any additional capital fund payments under the Sub-lease, which was amended accordingly.

**Safe Children Coalition, Inc.
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Notes to Consolidated Financial Statements (Continued)

June 30, 2020

25. Other Commitments (Continued)

Additionally, the Sharks and SCC agreed to exercise their best efforts to cause the County to enter into a new lease of the Aquatic Complex directly with the Sharks as the tenant, and to thereby eliminate all obligations of SCC under both the existing lease of the Aquatic Complex between the County and SCC, and the Sub-lease, with the declared mutual goal of the Sharks and the SCC being to cause such new lease between the County and the Sharks to be effective no later than October 1, 2019. Effective September 10, 2019, the County and Sharks entered into a lease agreement, thereby eliminating all obligations of the SCC under the existing lease and Sub-lease.

The Aquatic Complex was operated under the fitness centers, which discontinued operations in September 2019. See Note 28.

26. Contingencies

SCC is a recipient of federal, state and other third party reimbursement funds that are subject to special compliance audits by the granting agencies and other third party agencies that provide these reimbursements. The outcome of these audits may result in expenditures that would be disallowed. Disallowed amounts, if any, would constitute a contingent liability.

The Organization is subject to various claims and legal proceedings covering a range of matters that arise in the ordinary course of its activities. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition or results of operations of the Organization.

In June 2009, SCC along with several other entities entered into a settlement agreement with regard to a not-for-profit Foundation (the NPO Foundation). Under the settlement, SCC will receive annual distributions from the NPO Foundation in amounts that are not determinable. In addition, if the NPO Foundation terminates before January 1, 2029, SCC will receive 1/36th of the net assets of the NPO Foundation. If the NPO Foundation terminates after January 1, 2029, the NPO Foundation will determine what amount, if any, SCC will receive. As of June 30, 2020, no amount was recorded related to these contingent gains as the amounts are not determinable.

27. Self-Insurance

During the year ended June 30, 2017, SCC adopted a self-insurance plan for health claims. SCC is responsible for claims up to approximately \$1,257,000. After that claims are covered by an insurance carrier. Management believes they have adequately provided for all claims incurred but not paid in the accompanying consolidated financial statements. Incurred but not reported (IBNR) claims have been accrued for by using trends and relationships observed in the past and applying to the future based on the assumption that the incurred date of a claim is the same as the date of service.

Actual results could differ from those estimates and assumptions. The IBNR liability totaled \$127,157 as of June 30, 2020 and is included in accrued expenses in the accompanying consolidated statement of financial position.

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Notes to Consolidated Financial Statements (Continued)

June 30, 2020

28. Discontinued Operations

In 2019, the Organization determined that the operations of the non-performing segment, the fitness centers, should be discontinued. One fitness center in Hardee County was closed on April 12, 2019. The remaining two fitness centers, located in Sarasota County, were closed on September 13, 2019. The closing of all fitness centers precipitated the return of the YMCA charter to Y USA and a corporate name change to the Safe Children Coalition, Inc., which continues to operate the grant and contract funded segment and remains in full operation.

The closing of the fitness centers resulted in the establishment of a community organization that believes that the Sarasota fitness centers can be financially viable. They were incorporated as Save Our Y, Inc. (SOY), an unrelated Florida not-for-profit corporation, recognized by the Internal Revenue Service as tax-exempt under Section 501(c)3 of the Internal Revenue Code of 1986. Management entered into an agreement with SOY that provided rental revenue through March 24, 2020. In addition, the agreement provided SOY with an option to purchase the fitness centers. The sale of the fitness centers to SOY was completed on March 25, 2020. The assets sold consisted of the land, buildings, and equipment of the fitness centers.

The terms of the sale establish covenants and agreements whereby SOY must: 1) maintain its status as a charitable organization under Section 501(c)3 of the Internal Revenue Code; 2) continually operate a not-for-profit health and wellness facility (YMCA-Like Facility) at each of the two existing branch locations; 3) continually offer programs within the YMCA-Like Facilities that are materially similar to those which it is currently offering; 4) continue to give scholarships to those who need financial help in order to utilize the facilities and programs at the branches. If these conditions are not met, SOY is required to commence efforts to sell the properties. SOY or any successors shall not profit from any future sale of the properties. If sold, the net sales proceeds shall be paid to the Organization. These covenants and restrictions are applicable for ten years beginning March 26, 2020.

Proceeds from the sale were used as follows:

Contract sales price	\$ <u>4,400,000</u>
Less:	
Settlement charges	22,965
Payoff first mortgage loan (see Note 14)	3,025,682
Payoff capital leases	21,152
Deposit held by seller	50,000
Credit for rent paid by buyer	<u>9,691</u>
Total adjustments in amount due to SCC	<u>3,129,490</u>
 Cash paid to SCC at closing	 \$ <u><u>1,270,510</u></u>

Assets disposed of for the discontinued operations include the following:

Fitness Centers:	
Land, buildings and equipment, cost	\$ 22,010,233
Less: accumulated depreciation	<u>15,384,401</u>
Net book value at date of disposal	<u>6,625,832</u>

**Safe Children Coalition, Inc.
and Safe Children Coalition Foundation, Inc.**

Notes to Consolidated Financial Statements (Continued)

June 30, 2020

28. Discontinued Operations (Continued)

Aquatic Complex:	
Land, buildings and equipment, cost	6,572,679
Less: accumulated depreciation	<u>3,700,993</u>
Net book value at date of disposal	2,871,686
Net book value of land, buildings and equipment of discontinued operations	<u>\$ 9,497,518</u>

The loss from discontinued operations presented in the consolidated statement of activities consists of the following for the year ended June 30, 2020:

Revenue, Support and Non-Operating Activities:	
Contracts and government grants	\$ 66,880
Membership dues, net of scholarships of \$21,866	567,175
Program fees, net of discounts of \$13,782	282,068
United Way grants	23,006
Use of facilities	336,079
Other revenue	(4,720)
Loss on disposal of assets	(2,225,982)
Loss on early termination of Aquatic Complex lease (Note 25)	<u>(2,871,686)</u>
Total revenue, support and non-operating activities	<u>(3,827,180)</u>
Expenses:	
Salaries	609,161
Employee benefits and payroll taxes	111,596
Professional services	11,999
Supplies	33,973
Telephone and networking	9,178
Postage and shipping	2,963
Occupancy	363,015
Repairs and maintenance	171,635
Community relations	565
Travel and client transportation	2,336
Staff development and conferences	3,085
Dues and licenses	12,795
General insurance	154,523
Credit card and bank charges	36,965
Miscellaneous	22,899
Bad debt	3,687
Depreciation	531,358
Interest	2,911
Mortgage interest	91,843
Total expenses	<u>2,176,487</u>
Loss from discontinued operations	<u>\$ (6,003,667)</u>

**Safe Children Coalition, Inc.
and Safe Children Coalition Foundation, Inc.**

Notes to Consolidated Financial Statements (Continued)

June 30, 2020

29. Subsequent Events

The Organization has evaluated all events subsequent to the consolidated statement of financial position date of June 30, 2020 and through the date that these consolidated financial statements were available for issuance, December 28, 2020, and has determined that, there are no subsequent events that require disclosure.

Supplemental Information

**Safe Children Coalition, Inc.
and Safe Children Coalition Foundation, Inc.**

Consolidating Statement of Financial Position
Year Ended June 30, 2020

	Safe Children Coalition, Inc.	Safe Children Coalition Foundation, Inc.	Eliminations	Consolidated Total
Assets				
Cash and cash equivalents (Note 4)	\$ 4,914,099	\$ 302,745	\$ -	\$ 5,216,844
Accounts receivable	31,851	-	-	31,851
Contracts receivable (Note 5)	1,760,044	-	-	1,760,044
Assets held in charitable trusts (Note 6)	-	141,950	-	141,950
Contributions receivable from trusts (Note 6)	-	451,084	-	451,084
Other assets (Note 7)	143,204	2,510	-	145,714
Investments - partnership (Note 8)	94,328	-	-	94,328
Investments - trust account (Note 8)	-	2,242,397	-	2,242,397
Land, buildings and equipment, net (Note 9)	209,079	447,049	-	656,128
Beneficial interest in the net assets of the Foundation	3,513,921	-	(3,513,921)	-
Total Assets	<u>\$ 10,666,526</u>	<u>\$ 3,587,735</u>	<u>\$ (3,513,921)</u>	<u>\$ 10,740,340</u>
Liabilities and Net Assets				
Liabilities:				
Accounts payable	\$ 1,398,289	\$ 165	\$ -	\$ 1,398,454
Accrued expenses	627,192	-	-	627,192
Deferred revenue and government contracts (Note 11)	1,447,691	-	-	1,447,691
Payroll Protection Program forgivable loan (Note 12)	1,223,637	-	-	1,223,637
Liability under trust agreements	-	22,639	-	22,639
Custodial liabilities (Note 15)	102,695	-	-	102,695
Capital lease obligations payable	1,106	-	-	1,106
Notes payable (Note 14)	-	51,010	-	51,010
Total Liabilities	<u>4,800,610</u>	<u>73,814</u>	<u>-</u>	<u>4,874,424</u>
Net Assets:				
Without donor restrictions:				
Undesignated	1,571,097	566,797	-	2,137,894
Board designated (Note 18)	-	690,499	-	690,499
Beneficial interest in the net assets without donor restrictions of the Foundation	1,257,296	-	(1,257,296)	-
Total net assets without donor restrictions	<u>2,828,393</u>	<u>1,257,296</u>	<u>(1,257,296)</u>	<u>2,828,393</u>
With donor restrictions:				
Purpose and time restrictions:				
Purpose and time restrictions (Note 19)	780,898	1,031,013	-	1,811,911
Beneficial interest in the purpose and time restricted net assets of the Foundation	1,031,013	-	(1,031,013)	-
Total purpose and time restrictions	<u>1,811,911</u>	<u>1,031,013</u>	<u>(1,031,013)</u>	<u>1,811,911</u>
Perpetual in nature:				
Perpetual in nature (Note 19)	-	1,225,612	-	1,225,612
Beneficial interest in the perpetual in nature restricted net assets of the Foundation	1,225,612	-	(1,225,612)	-
Total perpetual in nature	<u>1,225,612</u>	<u>1,225,612</u>	<u>(1,225,612)</u>	<u>1,225,612</u>
Total net assets with donor restrictions	<u>3,037,523</u>	<u>2,256,625</u>	<u>(2,256,625)</u>	<u>3,037,523</u>
Total Net Assets	<u>5,865,916</u>	<u>3,513,921</u>	<u>(3,513,921)</u>	<u>5,865,916</u>
Total Liabilities and Net Assets	<u>\$ 10,666,526</u>	<u>\$ 3,587,735</u>	<u>\$ (3,513,921)</u>	<u>\$ 10,740,340</u>

See Independent Auditor's Report.

**Safe Children Coalition, Inc.
and Safe Children Coalition Foundation, Inc.**

Consolidating Statement of Activities

Year Ended June 30, 2020

	Safe Children Coalition, Inc.	Safe Children Coalition Foundation, Inc.	Eliminations	Consolidated Total
Net Assets Without Donor Restrictions:				
Revenue, Support and Releases:				
Contracts and government grants	\$ 39,522,012	\$ -	\$ -	\$ 39,522,012
Government grant - Payroll Protection Program	910,763	-	-	910,763
Program fees, net of discounts of \$7,913	276,252	-	-	276,252
SCC Foundation, Inc. grants	459,652	-	(432,663)	26,989
United Way grants	52	-	-	52
Sales of supplies and services	1,856	-	-	1,856
Other revenue	5,410	83,178	(83,030)	5,558
Net assets released from restrictions	37,633	36,000	-	73,633
Total revenue, support and releases	<u>41,213,630</u>	<u>119,178</u>	<u>(515,693)</u>	<u>40,817,115</u>
Functional Expenses:				
Program services	40,476,433	432,663	(515,693)	40,393,403
Management and general	1,229,112	48,677	-	1,277,789
Fundraising	57,421	-	-	57,421
Total functional expenses	<u>41,762,966</u>	<u>481,340</u>	<u>(515,693)</u>	<u>41,728,613</u>
Non-Operating Activities:				
Contributions	308,652	2,800	-	311,452
In-kind contributions	312,692	-	-	312,692
Event loss, net of contributions and expenses	(10,450)	-	-	(10,450)
Interest and dividends, net of investment expenses	9,925	49,453	(22,224)	37,154
Loss on disposal of land, buildings and equipment	(14,920)	(2,000)	-	(16,920)
Equity gain on investment	6,882	-	-	6,882
Unrealized and realized gain on investments	7,948	63,872	-	71,820
Change in value of split interest agreements	-	5,785	-	5,785
Change in the beneficial interest in net assets of the Foundation	(242,252)	-	242,252	-
Total non-operating activities	<u>378,477</u>	<u>119,910</u>	<u>220,028</u>	<u>718,415</u>
Change in net assets without donor restrictions	<u>(170,859)</u>	<u>(242,252)</u>	<u>220,028</u>	<u>(193,083)</u>
Net Assets With Donor Restrictions:				
Purpose and time restricted net assets:				
Contributions	264,364	-	-	264,364
Change in the beneficial interest in net assets of the Foundation	(44,863)	-	44,863	-
Change in value of split interest agreements	-	(8,863)	-	(8,863)
Net assets released from restrictions	(37,633)	(36,000)	-	(73,633)
Change in purpose and time restricted net assets	<u>181,868</u>	<u>(44,863)</u>	<u>44,863</u>	<u>181,868</u>
Change in net assets with donor restrictions	<u>181,868</u>	<u>(44,863)</u>	<u>44,863</u>	<u>181,868</u>
Change in net assets from continuing operations	<u>11,009</u>	<u>(287,115)</u>	<u>264,891</u>	<u>(11,215)</u>
Loss from discontinued operations (Note 28)	(6,025,891)	-	22,224	(6,003,667)
Change in net assets	(6,014,882)	(287,115)	287,115	(6,014,882)
Net assets, at the beginning of year	11,880,798	3,801,036	(3,801,036)	11,880,798
Net assets, at the end of year	<u>\$ 5,865,916</u>	<u>\$ 3,513,921</u>	<u>\$ (3,513,921)</u>	<u>\$ 5,865,916</u>

See Independent Auditor's Report

Safe Children Coalition, Inc.
Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2020

<u>Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA State CSFA Number</u>	<u>Pass-through Entity Identification or Contract Number</u>	<u>Federal Reimbursable Expenditures</u>	<u>Transfers to Subrecipients</u>
FEDERAL GRANTS AND CONTRACTS				
U.S. Department of Health and Human Services				
Basic Center Grant	93.623	90CY6820-01-00	26,604	-
Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth '19		90Y02315-01-00	23,216	-
Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth '20		90Y02315-01-00	39,527	-
Total Street Outreach Program Grant	93.557		62,743	-
Passed-through Florida Department of Children and Families Services:				
MaryLee Allen Promoting Safe and Stable Families Program	93.556	QJ2B0	540,694	70,169
Grants to States for Access and Visitation Programs	93.597	QJ2B0	24,384	24,384
Chafee Education and Training Vouchers Program (ETV)	93.599	QJ2B0	60,797	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	QJ2B0	626,872	170,261
Adoption Assistance	93.659	QJ2B0	5,465,171	216,500
Child Abuse and Neglect State Grants	93.669	QJ2B0	17,417	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	QJ2B0	32,737	10,146
Medical Assistance Program	93.778	QJ2B0	181,776	139,995
Passed-through the Florida's Office of Early Learning:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Hardee	(3,896)	-
Passed-through Florida Department of Children and Families Services:				
Foster Care-Title IV-E		QJ2B0	4,261,789	1,989,073
Foster Care-Title IV-E Candidacy		QJ2B0	1,322,938	310,744
Foster Care-Title IV-E Training		QJ2B0	274,017	130,723
Foster Care-Title IV-E Gap		QJ2B0	64	-
Passed through the Florida Network of Youth and Family Services:				
Foster Care-Title IV-E		N/A	6,495	-
Passed-through Community Based Care Lead Agencies:				
Foster Care-Title IV-E		N/A	848	-
Total Foster Care-Title IV-E	93.658		5,866,151	2,430,540
Passed-through Florida Department of Children and Families Services:				
Social Services Block Grant		QJ2B0	1,750,752	1,110,285
Total Social Services Block Grant	93.667		1,750,752	1,110,285
Passed-through Florida Department of Children and Families Services:				
Temporary Assistance for Needy Families		QJ2B0	2,836,292	433,239
Passed-through the Florida Department of Education / University of South Florida:				
Temporary Assistance for Needy Families		5830-1539-11-H	250,000	-
Total Temporary Assistance for Needy Families	93.558		3,086,292	433,239
Total U.S. Department of Health and Human Services			\$ 17,738,494	\$ 4,605,519

Safe Children Coalition, Inc.

Schedule of Expenditures of Federal Awards And State Financial Assistance (Continued)

Year Ended June 30, 2020

<u>Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA State CSFA Number</u>	<u>Pass-through Entity Identification or Contract Number</u>	<u>Federal Reimbursable Expenditures</u>	<u>Transfers to Subrecipients</u>
FEDERAL GRANTS AND CONTRACTS (CONTINUED)				
U.S. Department of Education				
Passed-through School Board of Sarasota County: Education for Homeless Children and Youth	84.196A	N/A	\$ 88,262	\$ -
Passed-through School Board of Sarasota County: Title I Grants to Local Educational Agencies		N/A	<u>75,000</u>	<u>-</u>
Total Title I Grants to Local Educational Agencies	84.010		<u>75,000</u>	<u>-</u>
Total U.S. Department of Education			\$ <u>163,262</u>	\$ <u>-</u>
Total Federal Grants and Contracts			\$ <u>17,901,756</u>	\$ <u>4,605,519</u>

Safe Children Coalition, Inc.
Schedule of Expenditures of Federal Awards And State Financial Assistance (Continued)
Year Ended June 30, 2020

<u>Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA State CSFA Number</u>	<u>Pass-through Entity Identification or Contract Number</u>	<u>State Reimbursable Expenditures</u>	<u>Transfers to Subrecipients</u>
STATE GRANTS AND CONTRACTS				
Florida Department of Juvenile Justice				
Passed-through the Florida Network of Youth and Family Services:				
Children and Families in Need of Services (CINS/FINS) '19		N/A	\$ 355,359	\$ -
Children and Families in Need of Services (CINS/FINS) '20		N/A	514,472	-
Children and Families in Need of Services (CINS/FINS) (Probation Respite)		N/A	19,319	-
Total Children and Families in Need of Services (CINS/FINS)	80.005		<u>889,150</u>	<u>-</u>
Total Florida Department of Juvenile Justice			\$ 889,150	\$ -
Florida Department of Children and Families				
Out-of-Home Supports '20		QJ2B0	2,378,838	\$ 227,626
Out-of-Home Supports '19		QJ2B0	260,439	-
Total Out-of-Home Supports	60.074		<u>2,639,277</u>	<u>227,626</u>
The Independent Living and Road to Independence Program	60.112	QJ2B0	45,821	-
Extended Foster Care Program	60.141	QJ2B0	207	-
CBC - Purchase Therapeutic Services for Children	60.183	QJ2B0	145,095	66,877
Total Florida Department of Children and Families			\$ 2,830,400	\$ 294,503
Total State Grants and Contracts			\$ 3,719,550	\$ 294,503
Total Federal and State Grants and Contracts			\$ 21,621,306	\$ 4,900,022

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal and state granting activity of Safe Children Coalition, Inc. (SCC), and is presented on the Generally Accepted Accounting Principles basis of accounting. The information in this 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* (Uniform Guidance) 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 preparation of the basic financial statements.

Indirect Cost Election

SCC has not elected to use the 10% de minimis cost rate as covered in 2 CFR section 200.414 and has a negotiated rate with their cognizant agency.

Safe Children Coalition, Inc.
Schedule of Expenditures of Local Assistance and Matching Funds
Year Ended June 30, 2020

<u>Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA State CSFA Number</u>	<u>Pass-through Entity Identification or Contract Number</u>	<u>Local/Matching Reimbursable Expenditures</u>	<u>Transfers to Subrecipients</u>
LOCAL GRANTS AND CONTRACTS				
Manatee County Government				
Early Childhood Court and Family Reunification Programs '19	N/A	ECC/FPRP 2019	\$ 136,895	\$ -
Early Childhood Court and Family Reunification Programs '20	N/A	FPRP 2020	240,720	
Total Manatee County Government			<u>\$ 377,615</u>	<u>\$ -</u>
Sarasota County, Florida				
Contracted Human Services:				
Family Haven Alliance Core, SHL Reach Case Manager '19	N/A	2019-0035	7,434	-
Family Haven Alliance Core, SHL Reach Case Manager '20	N/A	2020	11,652	-
Youth and Family Services, Y-Achievers, HIPPIY and Operation Graduation '19	N/A	2019-0074	62,080	-
Youth and Family Services, Y-Achievers, HIPPIY and Operation Graduation '20	N/A	2020-0083	192,123	-
Sarasota County Aquatics Center	N/A	2015-280	70,776	-
Total Sarasota County, Florida			<u>\$ 344,065</u>	<u>\$ -</u>
Total Local Grants and Contracts			<u>\$ 721,680</u>	<u>\$ -</u>
MATCHING FUNDS FOR FEDERAL PROGRAMS				
Passed-through Florida Department of Children and Families Services:				
Promoting Safe and Stable Families	N/A	QJ2B0	16,433	4,463
Temporary Assistance for Needy Families Block Grant	N/A	QJ2B0	2,095,813	454,353
Chafee Education and Training Vouchers Program	N/A	QJ2B0	15,873	-
Child Welfare Services - State Grants	N/A	QJ2B0	209,867	57,001
Foster Care-Title IV-E	N/A	QJ2B0	9,837,571	5,506,859
Foster Care Title IV E Candidacy	N/A	QJ2B0	1,344,725	316,662
Foster Care Title IV E Training	N/A	QJ2B0	21,572	-
Foster Care Title IV E GAP	N/A	QJ2B0	6,703	-
Adoption Assistance	N/A	QJ2B0	3,343,021	83,079
Independent Living	N/A	QJ2B0	20,506	6,382
Medical Assistance Program	N/A	QJ2B0	181,789	140,005
Passed-through Community Based Care Lead Agencies:				
Foster Care-Title IV-E	N/A	N/A	21,262	-
Total Matching Funds for Federal Programs			<u>\$ 17,115,135</u>	<u>\$ 6,568,804</u>
Total Federal and State Grants and Contracts			<u>\$ 21,621,306</u>	<u>\$ 4,900,022</u>
Total Grants and Contracts			<u>\$ 39,458,121</u>	<u>\$ 11,468,826</u>

Contract Compliance

**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**

Independent Auditor's Report

The Board of Directors
Safe Children Coalition, Inc.
and Safe Children Coalition Foundation, Inc.
Sarasota, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and Chapter 10.650, *Rules of the Auditor General*, the consolidated financial statements of Safe Children Coalition, Inc. (SCC) and Safe Children Coalition Foundation, Inc. (Foundation), collectively referred to as the Organization, which comprise the consolidated statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 28, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated 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 consolidated 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated 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.

Internal Control over Financial Reporting (Continued)

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 consolidated 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 consolidated 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Kerbering Barkins & Co." The signature is written in a cursive, flowing style.

Sarasota, Florida
December 28, 2020

**Report on Compliance for Each Major Federal Program and State
Project; and Report on Internal Control over Compliance Required by
the Uniform Guidance and Chapter 10.650, Rules of the Auditor General
of the State of Florida**

Independent Auditor's Report

The Board of Directors
Safe Children Coalition, Inc.
and Safe Children Coalition Foundation, Inc
Sarasota, Florida

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

We have audited Safe Children Coalition, Inc. (SCC) and Safe Children Coalition Foundation, Inc.'s (Foundation), collectively referred to as the Organization, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the State of Florida Department of Financial Services Statements Projects Compliance Supplement that could have a direct and material effect on each of its major federal programs and state financial assistance projects for the year ended June 30, 2020 . The Organization's major federal programs and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal programs and state financial assistance projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs and state financial assistance 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 (CFR) 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, and 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 financial assistance 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.

Auditor's Responsibility (Continued)

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state financial assistance project. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program and State Financial Assistance Project

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state financial assistance projects for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General* and which is described in the accompanying schedule of findings and questioned costs as item 2020-001. Our opinion on each major federal program and state financial assistance project is not modified with respect to this matter.

The Organization's response to the noncompliance finding identified in our audit is described in the accompanying Corrective Action Plan. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 federal program and state financial assistance 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 financial assistance project and to test and report on internal control over compliance in accordance with 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 Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state financial assistance 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 financial assistance 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 Uniform Guidance and the Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Keckering Barkins & Co.

Sarasota, Florida
December 28, 2020

Safe Children Coalition, Inc.
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Identification of Major Programs and Projects:

Type of auditor's report issued: unmodified

CFDA Numbers

Name of Federal Program or Cluster

93.556, 93.558, 93.597, 93.599, 93.645, 93.658,
 93.659, 93.667, 93.669, 93.674, 93.778

Foster Care

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

CSFA Numbers

Name of State Project

80.005

Children and Families in Need of Services

Internal control over major programs and projects:

< Material weakness(es) identified? yes X no

60.074, 60.112, 60.141, 60.183

Foster Care Community Based Support

< Significant deficiency(ies) identified? yes X none reported

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

unmodified

Dollar threshold used to distinguish between type A and type B Federal programs: \$ 750,000

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) and the provisions of the Florida Single Audit Act in accordance with Chapter 10.650 of the Rules of the Auditor General

 X yes no

Dollar threshold used to distinguish between type A and type B State projects: \$ 750,000

Auditee qualified as low-risk auditee?

 yes

 X no

Section II - Financial Statement Findings

None

Safe Children Coalition, Inc.
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2020

Section III - Findings and Questioned Costs For Federal and State Awards

Finding 2020-001

Name of Federal Program: Foster Care - Title-IV-E

CFDA: 93.658

Criteria

In accordance with the compliance requirements per the Florida Administrative Code and Florida Administrative Register, rule 65C-30.007, Case Management Responsibilities After Case Transfer, (1) Contacts with Children, (b) initial contact shall occur within two (2) working days of case transfer or the date of the court order for supervision, whichever occurs first.

Condition

During compliance testing of the Foster Care program, we found that the program did not meet the required initial contact within the time period as stated in the Florida Administrative Code and Florida Administrative Register.

Context

We noted that for three (3) of the twenty-five (25) participants selected, the initial contact did not occur within the required timeframe.

Cause

Error by Case Manager assigned to the case.

Effect

During our audit procedures, we noted 3 out of the 25 initial contacts with children occurred outside the 2 working day period threshold.

Questioned Costs

None

Recommendation

We recommend that management implement a process for reviewing case files to ensure the initial contacts occur within the required time frame.

Views of Responsible Officials

Management is in agreement with this finding.

Section IV - Other

No management letter is required because there were no findings to be reported in a management letter as required by Section 215.97(9)(f) and 215.97(10)(d) of the Florida Statutes, Auditor General Rule 10.654(1)(e) or 10.656(3)(e).



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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

Identifying Number: 2019-001

Audit Finding: In accordance with compliance requirements per the Florida Administrative Code and Florida Administrative Register, rule 65C-30.007, Case Management Responsibilities After Case Transfer, (1) Contacts with Children, (b) initial contact shall occur within two (2) working days of case transfer or the date of the court order for supervision, whichever occurs first. KB noted that for 10 out of 25 Foster Care children's files reviewed, the initial contact occurred outside the 2 working day period threshold.

Corrective Action Taken: SCC implemented corrective action with the prior case management agency in Manatee, at the conclusion the provider was replaced with a high performing case management agency effective December 2019. SCC's quality management team pulled a 10% sample on a monthly basis to ensure compliance with timeframes. In May 2020, SCC increased the sample to 100% of the cases reviewed.



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**CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2020**

Identifying Number: 2020-001

Finding: In accordance with compliance requirements per the Florida Administrative Code and Florida Administrative Register, rule 65C-30.007, Case Management Responsibilities After Case Transfer, (1) Contacts with Children, (b) initial contact shall occur within two (2) working days of case transfer or the date of the court order for supervision, whichever occurs first. KB noted that for 3 out of 25 Foster Care children's files reviewed, the initial contact occurred outside the 2 working day period threshold.

Corrective Actions Taken or Planned: Following last year's audit, SCC's quality management team pulled a 10% sample on a monthly basis to ensure compliance with timeframes. Since compliance was not at 100%, SCC increased its sample size to 100% in May 2020. None of the 3 cases identified (in-person visitation exceeding two working days) occurred since implementing this countermeasure. SCC will continue this countermeasure based on the positive results over the past six months. SCC will continue to monitor performance on this measure monthly.

Person Responsible: Andrea Mertyris, Director of Quality and Kathleen Cowan, VP of Community Based Care.