

**FLORIDA NETWORK OF
CHILDREN'S ADVOCACY CENTERS, INC.
Tallahassee, Florida**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Years Ended June 30, 2021 and 2020

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MEMBERS

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CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Florida Network of Children's Advocacy Centers, Inc.
Tallahassee, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Florida Network of Children's Advocacy Centers, Inc. (a Florida non-profit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluation of the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Florida Network of Children's Advocacy Centers, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2022 on our consideration of Florida Network of Children's Advocacy Centers, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Florida Network of Children's Advocacy Centers, 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 Florida Network of Children's Advocacy Centers, Inc.'s internal control over financial reporting and compliance.

Thomson Blackwell Company

Tallahassee, Florida
February 15, 2022

FLORIDA NETWORK OF CHILDREN'S ADVOCACY CENTERS, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash, and cash equivalents	\$ 398,457	\$ 216,646
Certificates of deposit	20,097	20,085
Restricted cash held in trust	431,292	359,161
Accounts receivable	38,050	33,769
Grants receivable	513,212	779,085
Prepaid expenses	<u>74,047</u>	<u>38,134</u>
TOTAL CURRENT ASSETS	1,475,155	1,446,880
FURNITURE AND EQUIPMENT, net	<u>3,663</u>	<u>4,942</u>
	\$ <u>1,478,818</u>	\$ <u>1,451,822</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 463,987	\$ 690,606
Accrued payroll expenses	15,823	14,532
Due to grantor	83,744	-
Deferred revenue	61,250	-
Paycheck Protection Program loan	<u>-</u>	<u>66,000</u>
TOTAL CURRENT LIABILITIES	624,804	771,138
NET ASSETS		
Without donor restrictions	179,987	87,895
With donor restrictions	<u>674,027</u>	<u>592,789</u>
TOTAL NET ASSETS	<u>854,014</u>	<u>680,684</u>
	\$ <u>1,478,818</u>	\$ <u>1,451,822</u>

See accompanying notes.

FLORIDA NETWORK OF CHILDREN'S ADVOCACY CENTERS, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT			
State appropriation	\$ -	\$ 4,113,954	\$ 4,113,954
License plate commissions	-	134,546	134,546
Child Advocacy Trust Fund	-	282,256	282,256
National Children's Alliance	-	244,276	244,276
Contributions	2,974	-	2,974
Special events and fundraisers	-	-	-
Restrictions satisfied by payments	<u>4,693,794</u>	<u>(4,693,794)</u>	<u>-</u>
	4,696,768	81,238	4,778,006
REVENUE			
Conference registration and sponsorships	84,900	-	84,900
Membership dues	14,500	-	14,500
PPP Loan forgiveness	66,000	-	66,000
Interest and other income	<u>252</u>	<u>-</u>	<u>252</u>
	<u>165,652</u>	<u>-</u>	<u>165,652</u>
TOTAL SUPPORT AND REVENUE	4,862,420	81,238	4,943,658
EXPENSES			
PROGRAM SERVICES			
Payments to Children Advocacy Centers	4,071,811	-	4,071,811
Program and related expenses	<u>471,579</u>	<u>-</u>	<u>471,579</u>
	4,543,390	-	4,543,390
SUPPORTING SERVICES			
General and administrative	226,938	-	226,938
Development and fundraising	<u>-</u>	<u>-</u>	<u>-</u>
	<u>226,938</u>	<u>-</u>	<u>226,938</u>
TOTAL EXPENSES	<u>4,770,328</u>	<u>-</u>	<u>4,770,328</u>
CHANGE IN NET ASSETS	92,092	81,238	173,330
BEGINNING NET ASSETS	<u>87,895</u>	<u>592,789</u>	<u>680,684</u>
ENDING NET ASSETS	\$ <u>179,987</u>	\$ <u>674,027</u>	\$ <u>854,014</u>

See accompanying notes.

FLORIDA NETWORK OF CHILDREN'S ADVOCACY CENTERS, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT			
State appropriation	\$ -	\$ 4,689,142	\$ 4,689,142
License plate commissions	-	125,385	125,385
Child Advocacy Trust Fund	-	155,618	155,618
National Children's Alliance	-	230,680	230,680
Contributions	3,967	-	3,967
Special events and fundraisers	15,316	-	15,316
Restrictions satisfied by payments	<u>5,143,964</u>	<u>(5,143,964)</u>	<u>-</u>
	5,163,247	56,861	5,220,108
REVENUE			
Conference registration and sponsorships	130,276	-	130,276
Membership dues	29,000	-	29,000
Interest and other income	<u>1,185</u>	<u>-</u>	<u>1,185</u>
	<u>160,461</u>	<u>-</u>	<u>160,461</u>
TOTAL SUPPORT AND REVENUE	5,323,708	56,861	5,380,569
EXPENSES			
PROGRAM SERVICES			
Payments to Children Advocacy Centers	4,576,753	-	4,576,753
Program and related expenses	<u>475,027</u>	<u>-</u>	<u>475,027</u>
	5,051,780	-	5,051,780
SUPPORTING SERVICES			
General and administrative	265,923	-	265,923
Development and fundraising	<u>12,847</u>	<u>-</u>	<u>12,847</u>
	<u>278,770</u>	<u>-</u>	<u>278,770</u>
TOTAL EXPENSES	<u>5,330,550</u>	<u>-</u>	<u>5,330,550</u>
CHANGE IN NET ASSETS	(6,842)	56,861	50,019
BEGINNING NET ASSETS	<u>94,737</u>	<u>535,928</u>	<u>630,665</u>
ENDING NET ASSETS	<u>\$ 87,895</u>	<u>\$ 592,789</u>	<u>\$ 680,684</u>

See accompanying notes.

FLORIDA NETWORK OF CHILDREN'S ADVOCACY CENTERS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Development & Fundraising</u>	<u>Total</u>
Funding provided directly to Children Advocacy Centers	\$ 4,071,811	\$ -	\$ -	\$ 4,071,811
Personnel expense	227,620	162,490	-	390,110
CAC education and training	118,755	-	-	118,755
Public relations & advertising	38,018	-	-	38,018
Office equipment, rental and maintenance	19,914	14,216	-	34,130
Conferences and meetings	26,185	-	-	26,185
Professional services	-	20,897	-	20,897
Occupancy	10,308	7,358	-	17,666
Miscellaneous	7,046	5,033	-	12,079
Licenses, dues and fees	5,930	4,234	-	10,164
IT support and services	5,264	3,758	-	9,022
Telephone & internet	4,949	3,533	-	8,482
Supplies	4,535	3,238	-	7,773
Insurance	2,181	1,557	-	3,738
Depreciation	746	533	-	1,279
Postage and shipping	128	91	-	219
Interest expense	-	-	-	-
Fundraising events	-	-	-	-
Travel	-	-	-	-
Database systems	-	-	-	-
	<u>\$ 4,543,390</u>	<u>\$ 226,938</u>	<u>\$ -</u>	<u>\$ 4,770,328</u>

FLORIDA NETWORK OF CHILDREN'S ADVOCACY CENTERS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2020

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Development & Fundraising</u>	<u>Total</u>
Funding provided directly to Children Advocacy Centers	\$ 4,576,753	\$ -	\$ -	\$ 4,576,753
Personnel expense	215,102	186,268	1,647	403,017
CAC education and training	55,130	-	-	55,130
Public relations & advertising	37,257	-	-	37,257
Office equipment, rental and maintenance	6,159	5,333	47	11,539
Conferences and meetings	117,111	2,005	-	119,116
Professional services	-	36,505	-	36,505
Occupancy	14,850	12,859	114	27,823
Miscellaneous	2,399	2,078	18	4,495
Licenses, dues and fees	4,681	4,054	36	8,771
IT support and services	5,105	4,421	39	9,565
Telephone & internet	3,160	2,736	24	5,920
Supplies	2,597	2,249	20	4,866
Insurance	1,962	1,699	15	3,676
Depreciation	683	591	5	1,279
Postage and shipping	189	164	1	354
Interest expense	48	42	-	90
Fundraising events	-	-	10,838	10,838
Travel	5,680	4,919	43	10,642
Database systems	2,914	-	-	2,914
	<u>\$ 5,051,780</u>	<u>\$ 265,923</u>	<u>\$ 12,847</u>	<u>\$ 5,330,550</u>

FLORIDA NETWORK OF CHILDREN'S ADVOCACY CENTERS, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contracts, members and contributions	\$ 5,284,246	\$ 4,609,025
Cash payments to employees and employment taxes	(388,819)	(409,200)
Cash payments to vendors and sub-recipients	(4,641,473)	(5,002,736)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	253,954	(802,911)
CASH FLOWS FROM INVESTING ACTIVITIES		
Reinvestment of interest earnings	(12)	(15)
NET CASH USED IN INVESTING ACTIVITIES	(12)	(15)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Payroll Protection Program Loan	-	66,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	66,000
NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH	253,942	(736,926)
CASH AND RESTRICTED CASH AT BEGINNING OF YEAR	<u>575,807</u>	<u>1,312,733</u>
CASH AND RESTRICTED CASH AT END OF YEAR	\$ <u>829,749</u>	\$ <u>575,807</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Change in net assets	\$ 173,330	\$ 50,019
Adjustments to change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,279	1,279
Payroll Protection Plan Loan forgiveness	(66,000)	-
Decrease (increase) in assets:		
Due from employees	-	-
Accounts receivable	(4,281)	(28,863)
Grants receivable	265,873	(668,055)
Prepaid expenses	(35,913)	(8,835)
Increase (decrease) in liabilities:		
Accounts payable	(226,619)	(67,693)
Accrued payroll expenses	1,291	(6,137)
Due to grantor	83,744	-
Deferred revenue	61,250	(74,626)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ <u>253,954</u>	\$ <u>(802,911)</u>

See accompanying notes.

FLORIDA NETWORK OF CHILDREN'S ADVOCACY CENTERS, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - Florida Network of Children's Advocacy Centers, Inc. (the "Network") was incorporated as a Florida non-profit organization in 1996, for the purpose of improving Florida's response to child abuse by supporting the development, growth, and continuation of the twenty-seven (27) Children's Advocacy Centers located in the State of Florida.

Basis of Accounting and Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Network's net assets and changes thereto are classified and reported as follows:

- Nets assets without donor restrictions - consists of amounts that are available for use in carrying out the supporting activities of the Network and are not subject to donor-imposed stipulations.
- Net assets with donor restrictions - consists of amounts that are available for the purposes restricted by donors and grantors, or a time restriction. When a restriction is satisfied, the associated amount is reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the statement of activities as support and revenue released from restrictions.

Cash and Cash Equivalents - The Network considers all highly liquid investments with a maturity of three (3) months or less when purchased to be cash equivalents.

Certificates of Deposit - The Network records certificates of deposit at cost. Interest is recorded when the certificate of deposit is re-issued.

Contributions - All contributions, including unconditional promises to give, are recognized as revenue in the period the contribution or promise is received. All contributions are available for unrestricted use unless specifically restricted by the donor. All in-kind contributions are recorded at fair value in the period donated.

Furniture and Equipment - Furniture and equipment consists of office furniture and equipment. Property, acquired by the Network, with an original purchase price of more than \$1,000 is capitalized. Purchased assets are recorded at cost or fair value if contributed; depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis.

Deferred Revenue - Deferred revenue represents conference registration fees received for an event that will take place subsequent to its fiscal year end.

Grants Receivable - Grant receivables are amounts due from grants contracted with various departments in the State of Florida or federal agencies and are recognized in the period when services are provided. The Network's grant receivables as of June 30, 2021 and 2020 are due in less than one (1) year and management believes that all receivables are fully collectible. Accordingly, no allowance for doubtful accounts is considered necessary.

FLORIDA NETWORK OF CHILDREN'S ADVOCACY CENTERS, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses - The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain categories of expenses are attributable to program and supporting functions of the Network. Those expenses have been allocated based on estimates of time and effort.

Income Taxes - The Network is exempt from income taxes on income from related activities under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding state tax law. Accordingly, no provision has been made for federal or state income taxes. Additionally, the Network has been determined not to be a private foundation under Section 509(a) of the Internal Revenue Code.

U.S. GAAP requires that a tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded.

Due to its tax-exempt status, the Network is not subject to U.S. federal income tax or state income tax. The Network’s Form 990 has not been subject to examination by the Internal Revenue Service or the State of Florida for the last three (3) years. The Network does not expect the total amount of unrecognized tax benefits to significantly change in the next twelve (12) months. The Network recognizes interest and/or penalties related to income tax matters in income tax expense. The Network did not have any amounts accrued for interest and penalties at June 30, 2021 and 2020.

Estimates - The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events - Management has performed an analysis of the activities and transactions subsequent to June 30, 2021 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2021. Management has evaluated the subsequent events for recognition and disclosure through February 15, 2022 the date the financial statements were available to be issued.

NOTE 2 - RESTRICTED CASH HELD IN TRUST

In accordance with Chapter 938.10, Florida Statutes, court costs imposed in cases of certain crimes against minors are deposited into the Department of Children and Family Services Advocacy Trust Fund for the purpose of funding children’s advocacy centers that are members of the Network. The amounts deposited to the trust fund are both time and expenditure restricted. The Network and the Department of Children and Family Services enter into a 5-year contractual agreement in which 95% of the funds must be distributed to the member advocacy centers either in providing local matching contributions to communities establishing children advocacy centers or an equitable distribution based on population, clients served and accreditation status.

FLORIDA NETWORK OF CHILDREN'S ADVOCACY CENTERS, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 3 – CASH AND RESTRICTED CASH

The following are amounts for cash and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows:

	<u>2021</u>	<u>2020</u>
Cash	\$ 398,457	\$ 216,646
Restricted cash held in trust (Note 2)	<u>431,292</u>	<u>359,161</u>
	<u>\$ 829,749</u>	<u>\$ 575,807</u>

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>2021</u>	<u>2020</u>
Office furniture and equipment	\$ 7,776	\$ 7,776
Less accumulated depreciation	<u>(4,113)</u>	<u>(2,834)</u>
	<u>\$ 3,663</u>	<u>\$ 4,942</u>

Depreciation expense for the years ended June 30, 2021 and 2020 amounted to \$1,279, for each year, respectively.

NOTE 5 - LINE OF CREDIT

During the year ended June 30, 2021, the Network renewed an unsecured line of credit with a commercial bank. As of June 30, 2021 and 2020, the outstanding balance due on the line amounted to \$0 with a remaining balance available to draw in the amount of \$50,000 for both years. Interest and fee expense incurred on the line of credit amounted to \$150 for each year ended June 30, 2021 and 2020.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

	<u>2021</u>	<u>2020</u>
Purpose restriction accomplished:		
Allowable grant expenditures	\$ 621,983	\$ 567,211
License plate commission support to Child Advocacy Centers	92,220	90,977
Sub-awards to local Child Advocacy Centers	<u>3,979,591</u>	<u>4,485,776</u>
	<u>\$ 4,693,794</u>	<u>\$ 5,143,964</u>

FLORIDA NETWORK OF CHILDREN'S ADVOCACY CENTERS, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS(Continued)

Net assets with donor restrictions are available for the following purposes or periods:

	2021	2020
License plate commissions	\$ 242,735	\$ 233,628
Child Advocacy Trust Fund	431,292	359,161
	\$ 674,027	\$ 592,789

NOTE 7 - CONCENTRATIONS

Concentration of Revenue Sources

The Network’s main sources of revenue are derived from grants, appropriations and fees received from the State of Florida. For both fiscal years ending June 30, 2021 and 2020, the Network received 92%, of its total support and revenue from three (3) separate State of Florida sources.

Concentration of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

The Network maintains cash balances at a financial institution located in Florida. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2021 and 2020, the Network’s uninsured cash balances totaled \$239,967 and \$7,685, respectively.

NOTE 8 - RELATED PARTY TRANSACTIONS

During the years ended June 30, 2021 and 2020, the Network’s Board of Directors had nine (9) of its twenty (20) members as top management officials in Child Advocacy Centers throughout Florida. Funds from various grants are passed through to these Centers for both fiscal years.

NOTE 9 – PAYCHECK PROTECTION PROGRAM LOAN

On May 11, 2020, the Network, was granted a loan (the “Loan”) from a financial institution in the aggregate amount of \$66,000, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title 1 of the CARES Act, which was enacted March 27, 2020.

The Loan, which was in the form of a Note dated May 11, 2020 issued to the Network, matures on May 11, 2022 and bears interest at a rate of 1% per annum, payable monthly commencing on October 10, 2021. The Note may be prepaid by the Network at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll cost, cost used to continue group health benefits, mortgage payments, rent, utilities, and other interest on other debt obligations incurred during a period of 8 weeks or 24 weeks after the origination date. Under the term of the PPP, the Loan, or portion of, may be forgiven if they are used for qualifying expenses as described in the CARES Act and its amendments. The Network received forgiveness of the Loan on May 5, 2021 in the entire amount plus interest. As of June 30, 2021 and 2020, the Loan had a balance of \$0 and \$66,000.

FLORIDA NETWORK OF CHILDREN'S ADVOCACY CENTERS, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 10 - PENSION PLAN

The Network created a 401(k) defined contribution plan during November 2013. All employees, who have been employed by the Network for at least one (1) year, are eligible to participate in the 401(k) plan. Employer contributions were \$15,825 for 2021 and \$7,925 for 2020.

NOTE 11 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Network's financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one (1) year of the statement of financial position date:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 398,457	\$ 216,646
Certificates of deposit	20,097	20,085
Restricted cash held in trust	431,292	359,161
Accounts receivable	38,050	33,769
Grants receivable	513,212	779,085
Less those unavailable for general expenditures within one (1) year due to:		
Contractual or donor-imposed restrictions		
Restricted by donor with time or purpose restrictions	(<u>674,027</u>)	(<u>592,789</u>)
Financial assets available to meet cash needs for general expenditures within one (1) year	\$ <u>727,081</u>	\$ <u>815,957</u>

The Network sets a target minimum operating reserve of three (3) months of average operating costs. The amount of operating reserve is calculated each year after approval of the annual budget and is to be funded with surplus operating funds without donor restrictions. In addition, as part of liquidity management, the Network has a committed line of credit in the amount of \$50,000 (Note 5), which it could draw upon in the event of an unanticipated liquidity level.

SUPPLEMENTARY INFORMATION

**ADDITIONAL ELEMENTS OF REPORTS PREPARED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS AND WITH CHAPTER 10.650,
RULES OF THE STATE OF FLORIDA AUDITOR GENERAL**

FLORIDA NETWORK OF CHILDREN'S ADVOCACY CENTERS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
Year Ended June 30, 2021

Grantor/Program Title	CFDA\ CSFA Number	Contract Number	Expenditures	Transfers to Subrecipients
FEDERAL EXPENDITURES				
<u>Department of Justice</u>				
Federal Surplus Property Transfer Program	16.758	TALL-FL- 2QIAA20	\$ 126,447	\$ -
Organizational Capacity Grant	16.758	TALL-FL- 2OC21	70,747	
Statewide Project	16.758	TALL-FL- 2SP21	<u>32,205</u>	<u>-</u>
Total expenditures of federal financial awards			\$ <u>229,399</u>	\$ <u>-</u>
STATE EXPENDITURES				
<u>Department of Legal Affairs and Attorney General</u>				
Florida Network of Children Advocacy Centers	41.031	K04533	\$ 4,113,954	\$ 3,844,901
<u>Department of Children and Families</u>				
Children's Advocacy Trust Fund	60.124	LJ918	210,125	134,690
<u>Dept. of Highway Safety and Motor Vehicles</u>				
Child Abuse Prevention License Plate Project	76.067	N/A	70,750	70,750
FNCAC Voluntary Contribution	76.123	N/A	<u>56,932</u>	<u>21,470</u>
Total expenditures of state financial assistance			\$ <u>4,451,761</u>	\$ <u>4,071,811</u>

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

Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of Florida Network of Children's Advocacy Centers, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the State of Florida Auditor General*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

See independent auditors' report.

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

To the Board of Directors
Florida Network of Children's Advocacy Centers, Inc.
Tallahassee, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Florida Network of Children's Advocacy Centers, Inc. (the "Network"), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated February 15, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Network's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Network's internal control. Accordingly, we do not express an opinion on the effectiveness of the Network's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Thomson Black Veatch Company

Tallahassee, Florida
February 15, 2022

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND
MATERIAL EFFECT ON ITS MAJOR STATE PROJECT AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH CHAPTER 10.650, RULES OF THE STATE OF FLORIDA
AUDITOR GENERAL**

To the Board of Directors
Florida Network of Children's Advocacy Centers, Inc.
Tallahassee, Florida

Report on Compliance for Each Major State Project

We have audited the Florida Network of Children's Advocacy Centers, Inc.'s (the "Network") compliance with the types of compliance requirements described in the *Department of the Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the Network's major state projects for the year ended June 30, 2021. The Network's state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Network's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, *Rules of the State of Florida Auditor General*. Those standards, and Chapter 10.650, *Rules of the State of Florida Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the Network's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on CSFA 41.031 Florida Network of Children's Advocacy Centers

In our opinion, the Network 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 State projects for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Network 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 Network's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with Chapter 10.650, *Rules of the State of Florida 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 Network'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 state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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 weakness. 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 Chapter 10.650, *Rules of the State of Florida Auditor General*. Accordingly, this report is not suitable for any other purpose.

Thomson Blackwell & Company

Tallahassee, Florida
February 15, 2022

FLORIDA NETWORK OF CHILDREN'S ADVOCACY CENTERS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

Part A - SUMMARY OF AUDIT RESULTS

1. The Independent Auditors' Report expresses an unmodified opinion on the basic financial statements of Florida Network of Children's Advocacy Centers, Inc.
2. No significant deficiencies relating to the audit of the financial statements were reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No material weaknesses related to the audit of financial statements were reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. No significant deficiencies in internal control over a major State project are reported in the Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on its Major State Project and on Internal Control Over Compliance in Accordance with Chapter 10.650, *Rules of the State of Florida Auditor General*.
5. No material weaknesses in internal control over a major state project are reported in the Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on its Major State Project and on Internal Control Over Compliance in Accordance with Chapter 10.650, *Rules of the State of Florida Auditor General*.
6. The Independent Auditors' Report on Compliance with Requirements Applicable to the Major State Project for Florida Network of Children's Advocacy Centers, Inc. expresses an unmodified opinion.
7. Audit findings relative to the major state project of Florida Network of Children's Advocacy Centers, Inc. are reported on Part C of this Schedule.
8. The state project tested as a major program included: Florida Network of Children's Advocacy Centers, CSFA Number 41.031.
9. The threshold used to distinguish between Type A and B state projects was \$750,000.

Part B - FINDINGS - FINANCIAL STATEMENTS AUDIT

None.

FLORIDA NETWORK OF CHILDREN'S ADVOCACY CENTERS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

Part C - FINDINGS AND QUESTIONED COSTS - MAJOR STATE PROJECTS

None.

Part D - PRIOR YEAR FINDINGS - FINANCIAL STATEMENTS

None.

Part E - PRIOR YEAR FINDINGS AND QUESTIONED COSTS - MAJOR STATE PROJECTS

None.

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MANAGEMENT LETTER

To the Board of Directors
Florida Network of Children's Advocacy Centers, Inc.
Tallahassee, Florida

Report on the Financial Statements

We have audited the financial statements of the Florida Network of Children's Advocacy Centers, Inc. (the "Network") as of and for the year ended June 30, 2021 and have issued our report thereon dated February 15, 2022.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.650, *Rules of the Florida Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards and Independent Auditors' Report on Compliance with Requirements Applicable to each Major State Project and on Internal Control over Compliance in accordance with Chapter 10.650, *Rules of the State of Florida Auditor General* and schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated February 15, 2022 should be considered in conjunction with this management letter.

Additional Matters

Section 10.654(1)(e), *Rules of the State of Florida Auditor General*, requires that we communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or State project amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, the following matters are required to be disclosed:

PRIOR YEAR COMMENTS

None.

CURRENT YEAR COMMENTS

None.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Thomson Black Legal Company

February 15, 2022