

**GULF COAST CHILDREN'S ADVOCACY CENTER, INC.**

**PANAMA CITY, FLORIDA**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2021**

**GULF COAST CHILDREN’S ADVOCACY CENTER, INC.**

**PANAMA CITY, FLORIDA**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Gulf Coast Children's Advocacy Center, Inc.  
Panama City, Florida

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Gulf Coast Children's Advocacy Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Gulf Coast Children's Advocacy Center, Inc. as of December 31, 2021, 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.

#### *Basis for Opinion*

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ABC Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Gulf Coast Children's Advocacy Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
- Obtain an understanding of internal control relevant to the audit 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 Gulf Coast Children's Advocacy Center, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Gulf Coast Children's Advocacy Center, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the Florida Single Audit Act (Florida Statute 215.97) and Chapter 10.650 of the Rules of the Auditor General of the State of Florida, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2022, on our consideration of Gulf Coast Children's Advocacy Center, 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 Gulf Coast Children's Advocacy Center, 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 Gulf Coast Children's Advocacy Center, Inc.'s internal control over financial reporting and compliance.

*Tipton, Morler, Garner & Chastain*

Panama City, Florida  
August 29, 2022

**GULF COAST CHILDREN'S ADVOCACY CENTER, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2021**

**ASSETS**

**Current Assets:**

Cash and cash equivalents	\$ 275,187
Contracts and grants receivable	1,232,994
Other receivables	1,592
Prepaid expenses	26,559
Unconditional promises to give	5,793
Total current assets	<u>1,542,125</u>

**Property and Equipment:**

Land	576,015
Construction in progress - Marianna	143,748
Buildings	3,247,217
Building improvements	108,486
Furniture and equipment	919,928
Automobiles	122,225
	<u>5,117,619</u>
Less accumulated depreciation	<u>(1,271,117)</u>
Net property and equipment	<u>3,846,502</u>

**Other Assets:**

Loan fees, net of amortization	17,004
Deposits	8,785
Total other assets	<u>25,789</u>

<b>Total Assets</b>	<b>\$ <u>5,414,416</u></b>
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**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Accounts payable and accrued expenses	\$ 103,841
Bay County Commissioners advance	1,066,743
Refundable advances - grants	317,817
Deferred revenue - fundraisers	32,400
Current maturities of notes payable	51,171
Total current liabilities	<u>1,571,972</u>

**Other Liabilities:**

Notes payable, less current maturities	<u>1,122,954</u>
Total liabilities	<u>2,694,926</u>

**Net Assets:**

With donor restrictions	31,200
Without donor restrictions	2,688,290
Total net assets	<u>2,719,490</u>

<b>Total Liabilities and Net Assets</b>	<b>\$ <u>5,414,416</u></b>
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See independent auditor's report and the accompanying notes.

**GULF COAST CHILDREN'S ADVOCACY CENTER, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and other support:</b>			
Contributions	\$ 401,247	\$ 54,654	\$ 455,901
In-kind contributions	94,422		94,422
Contracts and grants	6,399,177		6,399,177
Administration fees	133,494		133,494
Interest income	79		79
Reimbursements	280,455		280,455
Building rent	58,489		58,489
Special events	155,027		155,027
Paycheck Protection Program income	809,700		809,700
Miscellaneous	48,281		48,281
Net assets released from restrictions	78,881	(78,881)	0
<b>Total revenues and other support</b>	<u>8,459,252</u>	<u>(24,227)</u>	<u>8,435,025</u>
<b>Expenses:</b>			
Program services -			
Community Outreach Program	504,616		504,616
Child Protection Team	1,046,774		1,046,774
Healthy Start	423,410		423,410
Parents as Teachers	239,526		239,526
Sexual Assault Program	744,758		744,758
Therapy Program	1,386,894		1,386,894
Victim Advocacy	986,191		986,191
Victim Services	591,839		591,839
Supporting services -			
General and administrative	1,637,175		1,637,175
Fundraising	101,731		101,731
<b>Total expenses</b>	<u>7,662,914</u>	<u>0</u>	<u>7,662,914</u>
<b>Increase (Decrease) in Net Assets</b>	796,338	(24,227)	772,111
<b>Net Assets:</b>			
Net assets, beginning of year	<u>1,891,952</u>	<u>55,427</u>	<u>1,947,379</u>
Net assets, end of year	<u>\$ 2,688,290</u>	<u>\$ 31,200</u>	<u>\$ 2,719,490</u>

See independent auditor's report and the accompanying notes.



**GULF COAST CHILDREN'S ADVOCACY CENTER, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2021**

	Program Services					
	Community Outreach Program	Child Protection Team	Healthy Start	Parents as Teachers	Sexual Assault Program	Therapy Program
Accounting, auditing, and professional fees	\$ 2,011	\$ 5,367	\$ 1,802	\$ 1,110	\$ 3,414	\$ 8,108
Administration fees	7,782	5,500	43,316	17,841	32,916	21,780
Advertising			20		805	
Advocacy/Awareness expense	54		16,217		93,828	1,225
Amortization expense						
Bad debt expense		1,000				6,952
Depreciation						
Direct client care		29	90	541	5,714	79,238
Dues and subscriptions	260	420	360	3,233	509	3,549
Employee benefits	50,233	58,596	28,581	11,330	55,994	83,862
Employee/Board related expenses	2,495	1,056	2,211	284	2,547	7,945
Insurance	5,513	13,695	4,179	2,392	6,708	9,483
Interest						15,463
Janitorial	281	15,829	4,002	975	6,082	13,808
Landscape supplies		6,442	150			2,254
Loss on sale						
Medical services and supplies		72,412	16,849	43,602	4,803	1,378
Miscellaneous	66	118	330	176	607	124
Office expense	1,991	7,125	4,589	2,877	6,129	33,404
Rent	33,990	70,685	19,371	4,416	67,761	63,235
Repairs and maintenance		4,480	584	29	2,563	12,874
Retirement	3,616	16,439	3,348	2,173	7,564	12,190
Salaries and related expenses	373,772	742,155	259,658	142,417	413,719	958,209
Special events						
Taxes and licenses		85				449
Telephone	5,190	6,849	6,104	2,228	11,762	14,878
Training	2,878	1,550	4,402	2,481	3,333	7,311
Travel	13,953	5,578	5,293	962	11,108	15,268
Utilities	531	11,364	1,954	459	6,892	13,907
<b>Total expenses</b>	<b>\$ 504,616</b>	<b>\$ 1,046,774</b>	<b>\$ 423,410</b>	<b>\$ 239,526</b>	<b>\$ 744,758</b>	<b>\$ 1,386,894</b>

Program Services			Supporting Services		
Victim Advocacy	Victim Services	Total Program Services	General and Administrative	Fundraising	Total
\$ 5,089	\$ 3,624	\$ 30,525	\$ 83,716		\$ 114,241
		129,135	4,338		133,473
		825	958		1,783
152,572	105	264,001	31,147		295,148
		-	1,022		1,022
		7,952			7,952
		-	160,282		160,282
2,149	487	88,248	45,154		133,402
240	920	9,491	6,630		16,121
83,256	57,982	429,834	52,356		482,190
3,111	2,483	22,132	36,506		58,638
9,796	7,491	59,257	49,102		108,359
		15,463	46,871		62,334
9,088	55	50,120	6,158		56,278
5,970		14,816	10,535		25,351
		-	197,239		197,239
		139,044			139,044
271	347	2,039	32,418		34,457
7,049	2,952	66,116	58,402		124,518
25,390	40,237	325,085	4,851		329,936
3,632		24,162	16,521		40,683
6,369	5,179	56,878	17,804		74,682
636,465	462,630	3,989,025	721,848	\$ 36,942	4,747,815
		-		64,789	64,789
		534	3,694		4,228
13,111	5,446	65,568	8,842		74,410
6,077	815	28,847	3,999		32,846
7,914	1,002	61,078	26,930		88,008
8,642	84	43,833	9,852		53,685
<u>\$ 986,191</u>	<u>\$ 591,839</u>	<u>\$ 5,924,008</u>	<u>\$ 1,637,175</u>	<u>\$ 101,731</u>	<u>\$ 7,662,914</u>

See independent auditor's report and the accompanying notes.

**GULF COAST CHILDREN'S ADVOCACY CENTER, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2021**

<b>Cash Flows From Operating Activities:</b>	
Cash received from contracts and grants	\$ 6,247,178
Cash received from contributions	455,901
Cash received from other operating receipts	719,734
Interest received	79
Interest paid	(62,334)
Cash paid to suppliers and employees	(7,234,644)
Net cash provided by operating activities	<u>125,914</u>
<b>Cash Flows From Investing Activities:</b>	
Proceeds from sale of property	249,973
Purchases of property and equipment	(602,653)
Net cash used in investing activities	<u>(352,680)</u>
<b>Cash Flows From Financing Activities:</b>	
Advances from Bay County	3,515,750
Repayments on Bay County Advance	(3,089,053)
Proceeds from Line of Credit	250,000
Repayments on Line of Credit	(450,000)
Payments on promissory note	(69,000)
Payments on note payable	(60,451)
Net cash provided by financing activities	<u>97,246</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	(129,520)
<b>Cash and cash equivalents, beginning of year</b>	<u>404,707</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 275,187</u>
<b>Reconciliation of change in net assets to net cash provided by operating activities -</b>	
Change in net assets	\$ 772,111
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	160,282
Amortization	1,022
Inkind contributions - capital assets	(1,500)
Paycheck Protection Program income	(809,700)
Loss on sale of property	197,239
(Increase) decrease in assets -	
Contracts and grants receivable	(13,851)
Other receivables	(1,592)
Prepaid expenses	(14,858)
Unconditional promises to give	(3,311)
Deposits	(616)
Increase (decrease) in liabilities -	
Accounts payable and accrued expenses	(76,415)
Refundable advances - grants	(115,147)
Deferred revenue - fundraisers	32,250
Total adjustments	<u>(646,197)</u>
Net cash provided by operating activities	<u>\$ 125,914</u>

See independent auditor's report and the accompanying notes.

**GULF COAST CHILDREN'S ADVOCACY CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 1 – NATURE OF ORGANIZATION**

Gulf Coast Children's Advocacy Center, Inc. (the Organization) was established on September 9, 1999. The Organization serves to protect and enhance the quality of life for victims of sexual violence and child abuse in our community by providing a trauma sensitive, specialized approach to assess, identify, treat and prevent sexual assault and child abuse through the coordination of community resources. The Organization coordinates and facilitates treatment for victims and their families. A substantial portion of funding for programs is provided by the State of Florida Department of Health, the U.S. Department of Health and Human Services, and the U.S. Department of Justice.

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

Basis of Accounting and Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting. The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Update (FASB ASU) No. 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*. Under FASB ASU No. 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restriction.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid investments with original maturities of less than three months to be cash equivalents.

Contracts and Grants Receivable

The Organization reports contracts and grants receivable at net realizable value. Management determines the allowance for doubtful accounts based on historical losses and current economic conditions. Management believes all receivables are collectible, therefore, no allowance for doubtful accounts is provided in these financial statements.

**GULF COAST CHILDREN'S ADVOCACY CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

Unconditional Promises to Give

Unconditional promises to give are recognized as revenue and assets in the period in which the related promise is made. Unconditional promises to give are stated, net of an allowance for doubtful accounts and net of present value discounts. Management believes all promises to give are collectible, therefore, no allowance for doubtful accounts is provided in these financial statements.

Property and Equipment

Property and equipment are stated at cost for assets purchased and at fair value for assets donated. Depreciation of equipment is provided over the estimated useful lives, generally five to seven years, of the respective assets on a straight-line basis. The Organization capitalizes all property and equipment purchases over \$1,000 or property and equipment less than \$1,000 that is required to be tracked by the granting agency. Depreciation expense for the year ended December 31, 2021 was \$160,282.

Refundable Advances and Deferred Revenue

Revenues received in advance (grants) that are not recognized because the allowable costs as defined by the individual grant or contract have not been incurred, the unit of service has not been provided, and/or the conditions of release have not been substantially met or explicitly waived are considered refundable advances.

Revenues received in advance (fundraising) is recorded as deferred revenue until the event takes place. The exchange revenue is not considered earned until the event takes place, and the contribution revenue is deemed to be conditional on the event taking place. When the event takes place, the funds are recorded as special events revenue. If an event is cancelled, the money collected is either paid back to the donor and the liability is reduced, or the funds are considered an unconditional contribution as soon as the donor agrees to forfeit the funds to the organization, making it contribution revenue on that date, including the foregone exchange revenues.

Revenue Recognition – Grants and Contributions

*Grants.* Most of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the expenditures have been incurred in compliance with specific contract or grant provisions. The Organization reports unearned grant revenues to the extent that funding is received before allowable costs are incurred and are reported as refundable advances in the statement of financial position. When costs are incurred before reimbursement is made, the Organization records grants receivable.

**GULF COAST CHILDREN'S ADVOCACY CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

Revenue Recognition – Grants and Contributions (Continued)

*Contributions – General.* Contributions are recognized as revenue when they are received or unconditionally pledged and are recorded at their estimated fair values.

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

*Contributions – Tangible.* The Organization reports gifts of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long lived assets are placed in service.

*Contributions – Services.* Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. In addition to amounts recorded, the Organization receives donated services which are not recorded because the above requirements have not been met. Those contributed services include Board governance and volunteer hours.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs incurred during the year ended December 31, 2021 were \$1,782.

Contributed Services

Contributed goods and services are recorded as support and expense in the accompanying financial statements at their fair value in the period of receipt. Services provided by the Board of Directors are considered a philanthropic activity and are generally not recorded; therefore, the value of contributed time is not reflected in these financial statements.

**GULF COAST CHILDREN'S ADVOCACY CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

Income Taxes

Gulf Coast Children's Advocacy Center, Inc. has qualified as an exempt organization for federal income tax purposes under Internal Revenue Code Section 501(c)(3) and is not classified as a private foundation. However, the Organization may be subject to income taxes on unrelated business income. The Organization had no unrelated business income during the year ended December 31, 2021. Consequently, no provision for income taxes has been made in these financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 3 – LIQUIDITY AND AVAILABILITY**

The Organization regularly monitors liquidity to meet its operating needs and other contractual commitments. The Organization has various sources of liquidity at its disposal including cash and cash equivalents and receivables.

For the purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities.

As of December 31, 2021, the following tables show the total financial assets held by the Organization and the amounts of those financial assets available within one year of the balance sheet date to meet general expenditures.

Financial assets at year-end:

	2021
Cash and cash equivalents	\$ 275,187
Contracts and grants receivable	1,232,994
Other receivables	1,592
Unconditional promises to give	5,793
Total financial assets at year-end	\$ 1,515,566

**GULF COAST CHILDREN'S ADVOCACY CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 3 – LIQUIDITY AND AVAILABILITY (Continued)**

Financial assets available to meet general expenditures within one year:

	2021
Financial assets at year-end	\$ 1,515,566
Donor-imposed contributions	
Restricted by donor with purpose restrictions	
Back to School	(1,492)
Covered in Grace Blankets	(3,151)
Holiday Hopes – Christmas gifts for victims	(17,035)
Other	(3,214)
Sexual Assault Program	(1,910)
Snacks	(1,619)
St. Joe Foundation – First Responder Therapy Services	(2,779)
 Total financial assets available to meet cash needs for general expenditures within one year	 \$ 1,484,366

The Organization is substantially supported by contributions and grants. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. Contributions for Holiday Hopes are restricted for the purchase of Christmas gifts for victims. The St. Joe Foundation contributions are designated for therapy. Other restricted contributions received were for art supplies, back to school supplies, blankets, snacks and other small various items. In the event of an unanticipated liquidity need, the Organization also could draw upon any available funds from its \$250,000 line of credit (as further discussed in Note 9).

**NOTE 4 – CONTRACTS AND GRANTS RECEIVABLE**

Contracts and grants receivable at December 31, 2021 consist of the following:

Bay District Schools (COP)	\$ 27,985
Bay, Franklin, Gulf Healthy Start Coalition, Inc.	170,924
Child Protection Teams	50,140
Department of Children and Families (Rent)	1,830
Department of Corrections	3,096
Florida Council Against Sexual Violence	25,272
Florida Network for Children's Advocacy Centers	62,864
Medical Exams	21,065
Northwest Florida Health Network (PCIT)	48,799
Other	2,928
Sexual Abuse Treatment Program (SATP)/Therapy	3,090
Victims of Crime Act (VOCA) Grant	815,001
Total contracts and grants receivable	\$ 1,232,994



**GULF COAST CHILDREN'S ADVOCACY CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 5 – UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to Give consist of the following:

	<u>2021</u>
United Way	\$ 5,793

**NOTE 6 – GRANT FUNDING AGREEMENT**

On January 7, 2020, the Organization entered into a revolving grant funding agreement with Bay County, Florida (the County) where the County will fund grant expenses prior to reimbursement regarding the VOCA grant awards to the Organization, subject to a cap of \$2,560,184 on outstanding funds at any given time.

For the year ended December 31, 2021, the Organization received funding of \$3,515,750 and made payments of \$3,089,053 and the balance at year end was \$1,066,743.

**NOTE 7 – ACCRUED COMPENSATED ABSENCES**

The Organization has not accrued for compensated absences because the amount cannot be reasonably estimated. Accrued vacation days of up to ten (10) are paid at termination, only when appropriate notice is given, and funding is available. All accrued vacation days are forfeited when an employee quits without proper notice or is immediately terminated for a policy violation or substandard job performance.

**NOTE 8 – LINE OF CREDIT**

The Organization has a line of credit at a local financial institution for \$250,000. The line of credit has a variable interest rate and matures on January 1, 2024. The Organization made draws of \$250,000 and payments of \$450,000 during 2021, and the balance at December 31, 2021 was \$0.

**NOTE 9 – PROMISSORY NOTE**

On December 29, 2019, the Organization entered into a promissory note agreement with The Charles Whitehead Foundation for \$69,000, which bears interest at 0% annually. The note was due and payable upon the release of escrow funds held by First Federal bank which occurred in early 2021. The Organization paid the note in full, and the balance of the promissory note at December 31, 2021 was \$0.

**GULF COAST CHILDREN'S ADVOCACY CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 10 – PAYCHECK PROTECTION PROGRAM PROMISSORY NOTE**

On April 14, 2020, the Organization entered into a Paycheck Protection Program Promissory Note (the “PPP Note”) for the principal amount of \$809,700 (the “PPP Loan”) from First Federal Bank (the “PPP Loan Lender”). The PPP Loan was obtained pursuant to the Paycheck Protection Program (the “PPP”) of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) administered by the U.S. Small Business Administration (“SBA”). The PPP Loan was disbursed by the PPP Loan Lender to the Organization on April 17, 2020 (the “Disbursement Date”) and will mature two years from the Disbursement Date. The PPP Loan bears an interest at 1.00% per annum. Payments of principal and interest are deferred until ten months after the last day of the covered period. Funds from the PPP Loan may only be used by the Organization for payroll costs, costs for continuing group healthcare benefits, mortgage interest payments, rent, utility and interest on any other debt obligations that were incurred before February 15, 2020. The Organization was granted loan forgiveness for the full amount of the loan on February 22, 2021 and is included as support and revenues for the year ended December 31, 2021.

**NOTE 11 – NOTES PAYABLE**

Notes payable are summarized as follows:

	As of December 31, 2021	
	Due in One Year	Due After One Year
Note payable, interest at 4.375% until repricing in Sept 2024 due in variable monthly installments, collateralized by building, matures January 2038.	\$ 39,781	\$ 864,992
Note payable, interest at 5.5% until repricing in Sept 2024, due in variable monthly installments, collateralized by building, matures September 2039.	11,390	257,962
Total	\$ 51,171	\$ 1,122,954

Maturities of notes payable for the next five years are as follows:

2022	\$ 51,171
2023	50,367
2024	52,111
2025	53,350
2026	56,310
Thereafter	910,816
Total	\$ 1,174,125

**GULF COAST CHILDREN'S ADVOCACY CENTER, INC.  
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**NOTE 12- NET ASSETS**

Net Assets With Donor Restrictions:

As of December 31, 2021 net assets with donor restrictions of \$31,200, are restricted for the following purposes:

	2021
Back to School	\$ 1,492
Covered in Grace Blankets	3,151
Holiday Hopes – Christmas gifts for victims	17,035
Other	3,214
Sexual Assault Program	1,910
Snacks	1,619
St. Joe Foundation - First Responder Therapy Services	2,779
	\$ 31,200

Net Assets Without Donor Restrictions:

As of December 31, 2021, all other net assets were considered to be net assets without donor restrictions.

**NOTE 13 – CONCENTRATIONS AND CREDIT RISKS**

The Organization received 77% of its revenues and other support (excluding Paycheck Protection Program income) from contracts and grants from the State of Florida, a federal agency, or pass through entity. If a significant reduction in this level of support were to occur, it would have a material effect on the Organization's activities.

The Organization maintains cash balances at various financial. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2021, the Organization had no uninsured cash balances.

**NOTE 14 – PENSION PLAN**

The Organization maintained a 403(b)-pension plan, which covers all eligible employees. The Organization may elect annually to contribute to the plan on behalf of the employees. For the year ended December 31, 2021, employer contributions were \$74,682.

**GULF COAST CHILDREN'S ADVOCACY CENTER, INC.**  
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**NOTE 15 – IN-KIND CONTRIBUTIONS**

The Organization received in-kind contributions as follows:

	2021
General	
Audit	\$ 8,500
Employee Assistance Program Therapy	950
Healthy Start	
Radio broadcasting	1,867
Therapy	
Sign	1,500
Grand opening tent	50
Victim Advocacy/SART	
Digital billboard advertising	81,555
	\$ 94,422

**NOTE 16 – OPERATING LEASES**

Lessee

The Organization entered into an operating lease agreement on June 26, 2012 with Donald and Sharon Rena Harrell for the use of office space located in Chipley, FL. The lease is for a period of 5 years beginning on July 1, 2012 and expiring on June 30, 2017 with an option to renew for an additional ten (10) one-year periods. The terms of the lease include a 3% increase in the monthly rent payment each year. The Organization renewed its lease agreement with Donald and Sharon Harrell for an additional ten (10) one-year periods beginning on July 1, 2017 and expiring on June 30, 2027. For the year ended December 31, 2021, monthly rent payments were \$1,406 for January through June and \$1,448 for July through December.

The Organization entered into an operating lease agreement on March 8, 2016 with Railroad Properties North, LLC for the use of office space located in Chipley, FL. The lease is for a period of two and a half years beginning on March 15, 2016 and expiring on September 30, 2018 with an option to renew for an additional one-year period after each subsequent year. The Organization renewed for additional one-year periods with the latest renewal expiring on September 30, 2022. For the year ended December 31, 2021, monthly rent payments were \$600.

The Organization entered into an operating lease agreement on September 28, 2016 with Panhandle Medical Group, LLC for the use of office space located in Port St. Joe, FL. The lease is for a period of three years beginning on October 1, 2016 and expiring on September 30, 2019. On September 30, 2019, the Organization extended this agreement with Preferred Coastal Properties. The lease was for a period of three additional years beginning on October 1, 2019 and expiring on September 30, 2022. On February 22, 2022, the lease was amended for an increase in monthly installments and the term of

**GULF COAST CHILDREN'S ADVOCACY CENTER, INC.**  
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**NOTE 16 – OPERATING LEASES** (Continued)

the lease was extended an additional three years commencing March 1, 2022 and expiring on February 28, 2025. For the year ended December 31, 2021, monthly rent payments were \$1,500.

The Organization entered into an operating lease agreement on March 1, 2018 with Daniel E. Ryals for the use of office space located in Blountstown, FL. The lease is for a period of one year beginning on March 1, 2018 and expiring on February 28, 2019, in which the agreement will revert to a month to month lease renewing on the first day of each month. For the year ended December 31, 2021, monthly rent payments were \$900.

The Organization entered into several operating lease agreements over the years with Ann R. Kinard for various suites at 949 Jenks Ave as described below:

On April 25, 2019 an operating agreement was established for use of office space (Suite 15). The lease was for a period of six months beginning on May 1, 2019 and expiring on October 31, 2019 in which the agreement reverted to a month to month lease renewing on the first day of each month.

On May 15, 2019 an operating agreement was established for use of office space (Suites 8, 9, and 19). The lease was for a period of six months beginning on July 1, 2019 and expiring on December 31, 2019 in which the agreement reverted to a month to month lease renewing on the first day of each month.

On May 15, 2019 an operating agreement was established for use of office space (Suite 14). The lease was for a period of six months beginning on June 1, 2019 and expiring on November 30, 2019 in which the agreement reverted to a month to month lease renewing on the first day of each month.

On September 30, 2019 an operating agreement was established for use of office space (Suite 20). The lease was for a period of twelve months beginning on October 1, 2019 and expiring on September 30, 2020 in which the agreement reverted to a month to month lease renewing on the first day of each month.

On August 1, 2020 an operating agreement was established for use of office space (Suite 6). The lease was for a period of five months beginning on August 1, 2020 and expiring on December 31, 2020.

On August 2, 2020, all lease agreements with Ann R. Kinard were combined and formally renewed for a period of five months beginning on August 1, 2020 and expiring on December 31, 2020 with a rent rate of \$2,625 per month. The combined lease was terminated effective February 28, 2021. For the year ended December 31, 2021, monthly rent payments were \$2,625 for January and February.

**GULF COAST CHILDREN'S ADVOCACY CENTER, INC.**  
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**NOTE 16 – OPERATING LEASES (Continued)**

The Organization entered into an operating lease agreement on May 1, 2018 with Janice S. Taylor for the use of office space located in Bonifay, FL. The lease is for a period of one year beginning on May 1, 2018 and expiring on April 30, 2019. The Organization renewed for additional one-year periods with the latest renewal expiring on April 30, 2022. For the year ended December 31, 2021, monthly rent payments were \$500.

The Organization entered into an operating lease agreement on October 1, 2018 with G.E. Rich and Associates, LLC for the use of office space located in Bonifay, FL. The lease is for a period of two years beginning on October 1, 2018 and expiring on September 30, 2020. The lease was renewed for a period of two years beginning on October 1, 2020 and expiring on September 30, 2022. For the year ended December 31, 2021, monthly rent payments were \$875.

The Organization entered into an operating lease agreement on December 1, 2018 with Dermatology Specialists Property Group, LLC for the use of office space located in Marianna, FL. The lease is for a period of five years beginning on December 1, 2018 and expiring on November 30, 2023. For the year ended December 31, 2021, monthly rent payments were \$2,335 for January through November and \$2,387 for December.

The Organization entered into an operating lease agreement on February 25, 2019 with Oakridge Partners, LLP for the use of office space located in Panama City, FL. The lease is for a period of one year beginning on March 1, 2019 and expiring on February 29, 2020. The Organization renewed for additional one-year periods with the latest renewal expiring on February 28, 2023. For the year ended December 31, 2021, monthly rent payments were \$769.

The Organization entered into an operating lease agreement on June 21, 2019 with Baytown Plaza Rentals for the use of office space located in Panama City, FL, including a dumpster fee. The lease is for a period of three years beginning on July 16, 2019 and expiring on July 16, 2022. For the year ended December 31, 2021, monthly rent payments were \$1,840.

The Organization entered into an operating lease agreement on August 26, 2019 with Town Centre, Inc. for the use of office space located in Panama City, FL. The lease was for a period of three years beginning on September 1, 2019 and expiring on August 31, 2022. On February 28, 2020, the lease was amended to add an additional suite, which terminated the old lease and the new lease period is March 1, 2020 through August 31, 2022. The lease was terminated effective May 31, 2021. For the year ended December 31, 2021, monthly rent payments were \$2,850 for January through May.

The Organization entered into an operating lease agreement on May 18, 2021 with Tyndall Federal Credit Union for the use of office space located in Panama City, FL. Rent is calculated as “base rent” plus the Organization’s pro-rata share of annual operating expenses, real estate taxes, and insurance, plus the Organization’s share of janitorial services. The lease is for an initial period of five years beginning on June 1, 2021 and expiring on May 31, 2026. The Organization may elect to renew the lease for an additional term of five years. For the year ended December 31, 2021, monthly rent payments were \$16,501.

**GULF COAST CHILDREN'S ADVOCACY CENTER, INC.**  
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**NOTE 16 – OPERATING LEASES** (Continued)

The Organization entered into an operating lease agreement on August 26, 2021 with Realtor Association of Franklin & Gulf Counties for the use of office space (Suite 2) located in Apalachicola, FL. The lease is for a period of nine months beginning on September 1, 2021 and expiring on March 31, 2022. For the year ended December 31, 2021, monthly rent payments were \$200.

The Organization entered into an operating lease agreement on September 17, 2021 with Donald and Sharon Rena Harrell for the use of office space located in Panama City, FL. The lease is for a period of nine months beginning on September 1, 2021 and expiring on May 31, 2022. The Organization may elect to renew the lease for an additional term of five years. For the year ended December 31, 2021, monthly rent payments were \$4,304.

The Organization entered into an operating lease agreement on October 1, 2021 with Sunset Bound, LLC for the use of office space located in Port St. Joe, FL. The lease is for a period of eight months beginning on October 1, 2021 and expiring on May 31, 2022. For the year ended December 31, 2021, monthly rent payments were \$900.

The Organization entered into an operating lease agreement on October 1, 2021 with NWF Health Partnership, Inc. for the use of office space located in Chipley, FL. The lease is for a period of two years beginning on October 1, 2021 and expiring on September 30, 2023. For the year ended December 31, 2021, monthly rent payments were \$794.

Future minimum rental payments according to the lease agreements are as follows:

2022	\$ 346,238
2023	288,230
2024	260,781
2025	239,198
2026	<u>110,040</u>
Total	<u>\$ 1,244,487</u>

Operating lease expense for the year ended December 31, 2021 totaled \$287,112, which is included in rent expense on the Statement of Functional Expenses.

Lessor

On September 14, 2016, the Organization renewed the non-cancellable sublease agreement with the Department of Children and Families for the use of the Organization's office space in Panama City, FL. The renewed lease was for a period of five years beginning February 1, 2017 and expiring on January 31, 2022. On September 1, 2021, the lease was extended for an additional term of five years beginning on February 1, 2022 and expiring on January 31, 2027. For the year ended December 31, 2021, the monthly rental income was \$1,777 for January and \$1,830 for February through December.

**GULF COAST CHILDREN'S ADVOCACY CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 16 – OPERATING LEASES** (Continued)

Operating lease income for the year ended December 31, 2021 totaled \$21,905.

Future minimum rental payments to be received are as follows:

2022	\$	22,559
2023		23,239
2024		23,938
2025		23,997
2026		<u>23,997</u>
Total	\$	<u>117,730</u>

**NOTE 17 – SUPPLEMENTARY DISCLOSURES OF CASH FLOWS INFORMATION**

Cash paid during the year for:

Interest	\$	62,334
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**NOTE 18 – FUNCTIONAL ALLOCATION OF EXPENSES**

The financial statements report certain categories of expenses that are attributable to more than one program, supporting, or fundraising function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Those expenses are salaries and benefits, occupancy, and audit fees, which are allocated among program, administrative and fundraising services. Salaries and related payroll costs are allocated based on time, effort, and benefit received by each function. Occupancy costs are allocated based on square footage use of each building and/or location. The audit fees are allocated to programs based on a percentage of total expenditures.

**NOTE 19 – RISK AND UNCERTAINTIES**

The coronavirus (COVID-19) outbreak has caused disruption in international and U.S. economies and markets. The coronavirus and fear of further spread has caused quarantines, cancellation of events, and overall reduction in business and economic activity. On March 11, 2020, the World Health Organization designated the coronavirus outbreak as a pandemic. Management and the Board of Directors continue to evaluate and monitor the potential adverse effect that this event may have on the Organization's financial position, operations and cash flows. The full impact of COVID-19 is unknown at this time and cannot be reasonably estimated as these events are still developing.



**GULF COAST CHILDREN'S ADVOCACY CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 20 – RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS**

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which provides guidance for accounting for leases. The new guidance requires entities to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. The ASU is effective for the Organization beginning in 2022. It is to be adopted using a modified retrospective approach. There have been several updates to Topic 842 that could also have an effect on the Organization through the following ASUs: 2018-10, *Codification Improvements to Topic 842, Leases*, 2018-11 *Targeted Improvements*, 2018-20 *Narrow-Scope Improvements for Lessors*, 2019-01 *Codification Improvements*, and 2021-05 *Lessors – Certain Leases with Variable Lease Payments*. The Organization is currently evaluating the impact that the adoption of this guidance will have on the Organization's financial statements.

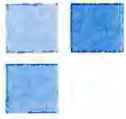
ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

**NOTE 21 – SUBSEQUENT EVENTS**

Pension Plan Termination

The Organization terminated its 403(b)-pension plan in 2022, and are in the process of paying out all participants. In its place, the Organization has established a 401(k) plan for eligible participants.

The Organization has evaluated subsequent events requiring disclosure or recording in these financial statements through August 29, 2022, which is the date these financial statements were available to be issued.



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

Board of Directors  
Gulf Coast Children's Advocacy Center, Inc.  
Panama City, 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 Gulf Coast Children's Advocacy Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 29, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Gulf Coast Children's Advocacy Center, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Gulf Coast Children's Advocacy Center's Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Gulf Coast Children's Advocacy Center, Inc.'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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 that we consider to be significant deficiencies.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Gulf Coast Children's Advocacy Center, Inc.'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*.

### **Gulf Coast Children's Advocacy Center, Inc.'s Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Gulf Coast Children's Advocacy Center, Inc.'s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Gulf Coast Children's Advocacy Center, Inc.'s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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.

*Tipton, Marler, Garner & Chastain*

Panama City, Florida  
August 29, 2022



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, THE FLORIDA SINGLE AUDIT ACT (FLORIDA STATUTE 215.97) AND CHAPTER 10.650 OF THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

Board of Directors  
Gulf Coast Children's Advocacy Center, Inc.  
Panama City, Florida

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

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

We have audited Gulf Coast Children's Advocacy Center, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the Florida Single Audit Act (Florida Statute 215.97) that could have a direct and material effect on each of Gulf Coast Children's Advocacy Center, Inc.'s major federal programs and state projects for the year ended December 31, 2021. The Organization's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Gulf Coast Children's Advocacy Center, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended December 31, 2021.

***Basis for Opinion on Each Major Federal Program and State Project***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); the Florida Single Audit Act (Florida Statute 215.97) and Chapter 10.650 of the Rules of the Auditor General of the State of Florida. Our responsibilities under those standards and the Uniform Guidance, the Florida Single Audit Act (Florida Statute 215.97) and Chapter 10.650 of the Rules of the Auditor General of the State of Florida are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Gulf Coast Children's Advocacy Center, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state project. Our audit does not provide a legal determination of Gulf Coast Children's Advocacy Center, Inc.'s compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Gulf Coast Children's Advocacy Center, Inc.'s federal programs and state projects.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Gulf Coast Children's Advocacy Center, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, the Florida Single Audit Act (Florida Statute 215.97) and Chapter 10.650 of the Rules of the Auditor General of the State of Florida will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Gulf Coast Children's Advocacy Center, Inc.'s compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, the Florida Single Audit Act (Florida Statute 215.97) and Chapter 10.650 of the Rules of the Auditor General of the State of Florida, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Gulf Coast Children's Advocacy Center, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Gulf Coast Children's Advocacy Center, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, the Florida Single Audit Act (Florida Statute 215.97) and Chapter 10.650 of the Rules of the Auditor General of the State of Florida, but not for the purpose of expressing an opinion on the effectiveness of Gulf Coast Children's Advocacy Center, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance, the Florida Single Audit Act (Florida Statute 215.97), and Chapter 10.650 of the Rules of the Auditor General of the State of Florida. Accordingly, this report is not suitable for any other purpose.

*Tipton, Marler, Garner & Chastain*

Panama City, Florida  
August 29, 2022

**GULF COAST CHILDREN'S ADVOCACY CENTER, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL  
AWARDS AND STATE FINANCIAL ASSISTANCE  
YEAR ENDED DECEMBER 31, 2021**

**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Gulf Coast Children's Advocacy Center, Inc. were prepared in accordance with GAAP.
2. Two significant deficiencies disclosed during the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Gulf Coast Children's Advocacy Center, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major federal award programs and state projects, which would be required to be reported in the Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance Required by the Uniform Guidance, the Florida Single Audit Act (Florida Statute 215.97), and Chapter 10.650 of the Rules of the Auditor General of the State of Florida, were disclosed during the audit.
5. The auditor's report on compliance for the major federal award programs and state projects for Gulf Coast Children's Advocacy Center, Inc. expresses an unmodified opinion on all major federal programs and state projects.
6. Our audit disclosed no findings required to be reported in accordance with 2 CFR Section 200.516(a) or Rules of Auditor General 10.654(1)(h).
7. The programs and projects tested as major programs and projects consisted of the following:

Federal Major Programs:

CFDA #16.575 – Victims of Crime Act

Dollar threshold for distinguishing between Type A and Type B programs was \$750,000 for major federal programs.

The auditee qualifies as a low-risk auditee.

State Major Projects:

CSFA #64.006 – Medical Services for Abused and Neglected Children

Dollar threshold for distinguishing between Type A and Type B projects was \$301,747 for major state projects.

**GULF COAST CHILDREN'S ADVOCACY CENTER, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL**  
**AWARDS AND STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED DECEMBER 31, 2021**

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

2021-001 Incomplete Schedule of Expenditures of Federal Awards and State Financial Assistance

*Criteria:* The Organization's management is responsible for establishing and maintaining internal controls that prevent or detect material misstatements to the Schedule of Expenditures of Federal Awards and State Financial Assistance (SEFASFA). This includes identifying, recognizing, and properly presenting all federal and state activity.

*Condition:* The Organization's management did not have adequate internal control procedures in place over the preparation of the SEFASFA. There were amounts reported in the schedule that did not reconcile to the financial records. Several grant contract periods with current year expenditures were excluded from the initial SEFASFA in error. The Organization has since made revisions and the federal awards and state assistance are properly presented in both the financial statements as well as the SEFASFA.

*Cause:* The Organization experienced turnover in its accounting department at year end, including its CFO and grants manager. The new CFO and accounting staff were not familiar or adequately trained to successfully prepare the SEFASFA without potential errors.

*Effect:* The Organization's internal controls over the preparation of the SEFASFA were not adequate to ensure that a misstatement would be prevented and/or detected.

*Recommendation:* The Organization must design and implement effective internal control procedures to ensure the SEFASFA is free from material misstatements.

*Views of Responsible Officials and Planned Corrective Action:* The agency is in concurrence with the cause of deficiencies. From December 2021-February 2022, a new accounting team was implemented (Chief Financial Officer, Staff Accountant, and Grants Manager). The previous team did not begin or prepare the 2021 SEFASFA schedule before separating. The new staff were not familiar with the requirements of the SEFASFA, which led to findings 2021-001 and 2021-002. For corrective action, two more accounting positions have been added to the team to assist with volume. Staff now have more than six months of experience to better prepare for subsequent audits and expectations. Additional policies will be written and implemented to ensure monthly close out procedures include reconciliation of each grant/contract's expenditures to ensure timely and accurate preparation of the SEFASFA.

2021-002 Material Audit Adjustments

*Criteria:* The Organization's management is responsible for establishing and maintaining internal controls that prevent or detect material misstatements to the financial statements. Management is responsible for reconciling accounts at the end of the year in accordance with Generally Accepted Accounting Principles (GAAP).



**GULF COAST CHILDREN'S ADVOCACY CENTER, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL**  
**AWARDS AND STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED DECEMBER 31, 2021**

**B. FINDINGS - FINANCIAL STATEMENT AUDIT (continued)**

*Condition:* The Organization's management did not have adequate internal control procedures in place over the preparation of the financial statements. During the audit, material misstatements of the financial statements were found resulting in multiple audit adjustments, mostly related to the proper recognition of grant revenue.

*Cause:* The Organization experienced turnover in its accounting department at year end, including its CFO and grants manager. The new CFO and accounting staff were not familiar or adequately trained to successfully prepare the financial statements without inherent accounting errors.

*Effect:* The Organization's internal controls over the preparation of the financial statements were not adequate to ensure that a misstatement would be prevented and/or detected.

*Recommendation:* The Organization must design and implement effective internal control procedures to ensure the financial statements are free from material misstatements.

*Views of Responsible Officials and Planned Corrective Action:* The agency is in concurrence with the cause of deficiencies. From December 2021-February 2022, a new accounting team was implemented (Chief Financial Officer, Staff Accountant, and Grants Manager). For corrective action, two more accounting positions have been added to the team to assist with volume. Staff now have more than six months of experience to better prepare for subsequent audits and expectations. Additional policies will be written and implemented to ensure monthly close out procedures include reconciliation of each grant/contract's expenditures to revenue to ensure timely and accurate preparation of the financial statements.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE AUDIT**

There were no audit findings related to federal awards required to be reported by 2 CFR Section 200.516(a).

There were no audit findings related to state financial assistance required to be reported by Rules of the Auditor General 10.654(1)(h).

**D. STATUS OF FEDERAL AWARDS AND/OR STATE FINANCIAL ASSISTANCE PRIOR YEAR FINDINGS**

There were no findings related to prior year federal awards and/or state financial assistance.

**GULF COAST CHILDREN'S ADVOCACY CENTER, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND**  
**STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED DECEMBER 31, 2021**

Federal/State Agency Pass-through Entity Federal Program/State Project	CFDA/ CSFA No.	Contract/ Grant No.	Prior Period Expenditures (1)	2021 Expenditures	Total Expenditures
<b>Federal</b>					
<b>U.S. Department of Justice</b>					
Passed through Florida Office of Attorney General					
Victims of Crime Act	16.575	* VOCA 2020-00734		\$ 3,289,375	\$ 3,289,375
Victims of Crime Act	16.575	* VOCA 2020-00730		815,001	815,001
Total U.S. Department of Justice			<u>\$ 0</u>	<u>4,104,376</u>	<u>4,104,376</u>
<b>U.S. Department of Health and Human Service</b>					
Passed through Florida Department of Health					
Social Services Block Grant - Child Protection Team	93.667	CP12A		233,039	233,039
Passed through Northwest Florida Health Network					
Disaster Response State Grant Program (Mental Health)	93.982	HM012		211,562	211,562
Passed through US Committee for Refugees and Immigrants					
Trafficking Victim Assistance Program	93.598	90ZV0137-01-00; 90ZV0136-01-00; 90ZV0135-01-00		953	953
Passed through Florida Council Against Sexual Violence					
Prevention Health and Human Services	93.991	COHBO/21PHH25 (RPE)		28,180	28,180
Passed through Bay, Franklin, Gulf Healthy Start Coalition, Inc.					
Health Resources and Services Adm.	93.994	CACHS 18-19		97,825	97,825
Medicaid Assistance Payments	93.778	CACHS 18-19		323,513	323,513
Maternal, Infant and Early Childhood Home Visiting					
Affordable Care Act (ACA)/Maternal, Infant and Early Childhood Home					
Visiting Grant Program	93.870	X10MC33573		192,843	192,843
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	X10MC39679		44,342	44,342
Total U.S. Department of Health and Human Service			<u>0</u>	<u>1,132,257</u>	<u>1,132,257</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 5,236,633</u>	<u>\$ 5,236,633</u>
<b>State of Florida</b>					
<b>Florida Department of Health</b>					
Medical Services for Abused and Neglected Children (CPT)	64.006	* CP12A		532,832	532,832
Medical Services for Abused and Neglected Children (SATP)	64.006	* CP1PC		42,730	42,730
Total Florida Department of Health			<u>\$ 0</u>	<u>575,562</u>	<u>575,562</u>
<b>Florida Council Against Sexual Violence</b>					
Rape Crisis Centers (GR)	64.069	16TFGR25		132,675	132,675
Rape Crisis Program Trust Fund (TF)	64.061	16TFGR25		79,921	79,921
Total Florida Council Against Sexual Violence			<u>0</u>	<u>212,596</u>	<u>212,596</u>
<b>Office of the Attorney General</b>					
Passed through Florida Council Against Sexual Violence					
Rape Crisis Centers	41.010	20OAG25	770	10,836	11,606
Rape Crisis Centers	41.010	21OAG25		13,754	13,754
Passed through Florida Network for Children's Advocacy Centers, Inc.					
FL Network of Children Advocacy Centers	41.031	20/21 GR-CAC04		73,845	6,084
FL Network of Children Advocacy Centers	41.031	20/21 GR-CAC04 (CPT)		6,084	73,845
FL Network of Children Advocacy Centers	41.031	21/22 GR-CAC04		104,064	104,064
FL Network of Children Advocacy Centers	41.031	21/22 GR-CAC04 (CPT)		4,445	4,445
Total Office of the Attorney General			<u>770</u>	<u>213,028</u>	<u>213,798</u>
<b>Florida Department of Children and Families</b>					
Passed through Florida Network for Children's Advocacy Centers, Inc.					
DCF Trust Fund	60.124	20-21-DCF-CAC-04		3,868	3,868
Total Florida Department of Children and Families			<u>-</u>	<u>3,868</u>	<u>3,868</u>
Total Expenditures of State Financial Assistance			<u>\$ 770</u>	<u>\$ 1,005,054</u>	<u>\$ 1,005,824</u>

\*denotes major program/project

(1) Prior period expenditures that were deemed eligible by Florida Council Against Sexual Violence

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

See independent auditor's report.

**GULF COAST CHILDREN'S ADVOCACY CENTER, INC.  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
YEAR ENDED DECEMBER 31, 2021**

**NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal award and state financial assistance activity of Gulf Coast Children's Advocacy Center, Inc. under programs of the federal government and projects under the State of Florida for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the Florida Single Audit Act (Florida Statute 215.97), and Chapter 10.650 of the Rules of the Auditor General of the State of Florida. Because the Schedule presents only a selected portion of the operations of Gulf Coast Children's Advocacy Center, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Gulf Coast Children's Advocacy Center, Inc.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and Chapter 10.650, Rules of the Auditor General, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

Gulf Coast Children's Advocacy Center, Inc. records expenditures of federal awards and state financial assistance using the direct cost method and the 10% de minimis indirect cost rate depending on which is allowable by the grantor, both of which are allowed in accordance with the Uniform Guidance.

**NOTE D – CONTINGENCY**

The grant revenue amounts received are subject to audit and adjustment. If any expenditures are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor would become a liability of the Organization. In the opinion of management, all grant expenditures are in compliance with the terms of the agreements and applicable federal and state laws and other applicable regulations.