



Lauren's Kids, Inc.

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

Years Ended December 31, 2021 and 2020

The report accompanying these financial statements was issued by

BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of
BDO International Limited, a UK company limited by guarantee.



Lauren's Kids, Inc.

Financial Statements and Reports Required by *Government Auditing Standards*, Chapter 10.650, *Rules of the Auditor General*, and Schedule of Expenditures of State Financial Assistance
Years Ended December 31, 2021 and 2020

Lauren's Kids, Inc.

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Independent Auditor's Report

Board of Directors
Lauren's Kids, Inc.
Miami, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lauren's Kids, Inc. (the Organization), which comprise the statements of financial position as of December 31, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS 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 GAAS 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.
- 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 the Organization'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 the Organization'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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of State Financial Assistance is presented for purposes of additional analysis and is required by Chapter 10.650, *Rules of the Florida Auditor General* and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such 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 November 30, 2022, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

BDO USA, LLP

Miami, Florida
November 30, 2022

Financial Statements

Lauren's Kids, Inc.
Statements of Financial Position

<i>December 31,</i>	2021	2020
Assets		
Cash	\$ 2,810,443	\$ 2,319,523
Restricted cash	183,800	137,300
Grants and other receivables	895,882	851,700
Prepaid expenses	134,449	138,045
Total Assets	\$ 4,024,574	\$ 3,446,568
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 38,981	\$ 42,402
Refundable advance	19,000	-
Paycheck Protection Program Loan	-	40,224
Total Liabilities	57,981	82,626
Commitments and Contingencies (Note 10)		
Net Assets		
Without donor restrictions	3,782,793	3,226,642
With donor restrictions	183,800	137,300
Total Net Assets	3,966,593	3,363,942
Total Liabilities and Net Assets	\$ 4,024,574	\$ 3,446,568

See accompanying notes to the financial statements.

Lauren's Kids, Inc.
Statements of Activities

<i>December 31,</i>	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Grant revenue	\$ 2,036,233	\$ -	\$ 2,036,233	\$ 1,224,189	\$ -	\$ 1,224,189
Vehicle registration	221,119	-	221,119	223,501	-	223,501
Voluntary contributions	358,629	-	358,629	232,965	-	232,965
Contributions	266,622	-	266,622	304,623	-	304,623
Special events, net of direct expenses of \$125 and \$1,875 for 2021 and 2020, respectively	47,653	46,500	94,153	206,525	123,275	329,800
In-kind contributions	108,654	-	108,654	642,075	-	642,075
Program service revenue	246,952	-	246,952	208,728	-	208,728
Gain on forgiveness of Paycheck Protection Program Loan	82,176	-	82,176	-	-	-
Other	1,979	-	1,979	2,788	-	2,788
Net assets released from restriction	-	-	-	25,000	(25,000)	-
Total Support and Revenue	3,370,017	46,500	3,416,517	3,070,394	98,275	3,168,669
Expenses:						
Program	2,579,256	-	2,579,256	2,558,509	-	2,558,509
Management and General	227,246	-	227,246	209,710	-	209,710
Fundraising	7,364	-	7,364	14,746	-	14,746
Total Expenses	2,813,866	-	2,813,866	2,782,965	-	2,782,965
Changes in Net Assets	556,151	46,500	602,651	287,429	98,275	385,704
Net Assets, beginning of year	3,226,642	137,300	3,363,942	2,939,213	39,025	2,978,238
Net Assets, end of year	\$ 3,782,793	\$ 183,800	\$ 3,966,593	\$ 3,226,642	\$ 137,300	\$ 3,363,942

See accompanying notes to the financial statements.

Lauren's Kids, Inc.
Statements of Functional Expenses

<i>December 31,</i>	2021				2020			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Salaries and benefits	\$ 145,452	\$ 184,748	\$ 3,303	\$ 333,503	\$ 170,075	\$ 146,662	\$ 5,627	\$ 322,364
Payroll taxes	8,102	10,290	184	18,576	9,932	8,565	329	18,826
Advertising	39,773	-	-	39,773	-	-	-	-
Credit card processing fees	2,183	-	2,590	4,773	764	-	6,387	7,151
Conferences, meetings and travel	11,400	92	91	11,583	24,392	46	38	24,476
Facilities and equipment rental	42,361	4,201	593	47,155	42,226	6,216	1,437	49,879
Insurance	4,681	464	66	5,211	4,124	614	143	4,881
Professional services (in-kind expenses)	100,000	-	-	100,000	100,000	-	-	100,000
Program goods and services (in-kind expenses)	8,654	-	-	8,654	542,075	-	-	542,075
Miscellaneous and other expenses	635	124	351	1,110	92	982	491	1,565
Postage and delivery	56,275	-	173	56,448	15,369	154	261	15,784
Printing and copying	11,947	-	-	11,947	51,771	75	-	51,846
Office expenses	16,290	5,327	13	21,630	24,283	7,719	33	32,035
Awards	7,000	-	-	7,000	4,500	-	-	4,500
Program services	1,971,159	-	-	1,971,159	1,379,126	-	-	1,379,126
Professional services	131,304	22,000	-	153,304	166,636	38,677	-	205,313
Supplies, materials and other	12,988	-	-	12,988	6,372	-	-	6,372
Program expenses	9,052	-	-	9,052	16,772	-	-	16,772
Total	\$ 2,579,256	\$ 227,246	\$ 7,364	\$ 2,813,866	\$ 2,558,509	\$ 209,710	\$ 14,746	\$ 2,782,965

See accompanying notes to the financial statements.

Lauren's Kids, Inc.
Statements of Cash Flows

<i>December 31,</i>	2021	2020
Cash Flows From Operating Activities:		
Change in net assets	\$ 602,651	\$ 385,704
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Gain on forgiveness of Paycheck Protection Program Loan	(82,176)	-
Changes in operating assets and liabilities:		
Grants and other receivables	(44,182)	(453,933)
Prepaid expenses	3,596	(121,637)
Accounts payable and accrued expenses	(3,421)	(18,948)
Refundable advance	19,000	(31,000)
Net Cash Provided by (Used in) Operating Activities	495,468	(239,814)
Cash Flows from Financing Activities:		
Proceeds from Paycheck Protection Program Loan	41,952	40,224
Net Cash Provided by Financing Activities	41,952	40,224
Net Increase (Decrease) in Cash and Restricted Cash	537,420	(199,590)
Cash and Cash Equivalents, beginning of year	2,456,823	2,656,413
Cash and Cash Equivalents, end of year	\$ 2,994,243	\$ 2,456,823
Supplemental Disclosure of Cash and Restricted Cash:		
The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position to the amount shown in the statements of cash flows:		
Cash	\$ 2,810,443	\$ 2,319,523
Restricted cash	183,800	137,300
Total Cash and Restricted Cash	\$ 2,994,243	\$ 2,456,823
Supplemental Disclosure of Cash Flow Information:		
Non-cash financing activities:		
Forgiveness of Paycheck Protection Program Loan	\$ 82,176	\$ -

See accompanying notes to the financial statements.

Lauren's Kids, Inc.

Notes to Financial Statements

1. Organization

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

2. Summary of Significant Accounting Policies

Basis of Presentation

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

Financial Statement Presentation

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

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

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

Management Estimates

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

Restricted Cash

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

Lauren's Kids, Inc.

Notes to Financial Statements

Grants and Other Receivables

Grants and other receivables are reported at net realizable value. The allowance for doubtful accounts is the Organization's best estimate of the amount that will not be collected. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is remote. Management has determined no allowance is necessary as of December 31, 2021 and 2020 since all receivables were collected subsequent to year end.

Furniture and Equipment, Net

Furniture and equipment are stated at cost. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets, ranging from 3 to 5 years. The Organization capitalizes furniture and equipment in excess of \$500. At December 31, 2021 and 2020, all furniture and equipment were fully depreciated.

Revenue Recognition - Contributions

Transfers of cash or other assets or settlement of liabilities that are both voluntary and nonreciprocal are recognized as contributions. Contributions may either be conditional or unconditional. A contribution is considered conditional when the donor imposes both a barrier and a right of return. Conditional contributions are recognized as revenue on the date all donor-imposed barriers are overcome or explicitly waived by the donor. Barriers may include specific and measurable outcomes, limitations on the performance of an activity and other stipulations related to the contribution. A donor has a right of return of any assets transferred or a right of release of its obligation to transfer any assets in the event the Organization fails to overcome one or more barriers. Assets received before the barrier is overcome are accounted for as refundable advances. The Organization does not have any conditional contributions as of December 31, 2021 or 2020.

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

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as "net assets released from restrictions." Donor-restricted contributions whose restrictions are met in the same reporting period in which received are reported as net assets without donor restrictions.

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

Grant Revenue, Vehicle Registration and Voluntary Contributions

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

Lauren's Kids, Inc.

Notes to Financial Statements

Revenue Recognition - Exchange Transactions

Reciprocal transfers in which each party receives and sacrifices goods or services with approximate commensurate value are recognized as exchange transactions. The core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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

Special Events

The Organization applies Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, and all subsequent amendments to the ASU (collectively, Topic 606), to exchange transactions in which it receives consideration from individuals for special events. The portion of ticket sales for special events that relates to the commensurate value the attendee receives in return is recognized as revenue without donor restriction at the point in time when the related events are held, and performance obligations are met. Contributions from special events is recorded as support without donor restrictions (unless restricted by the donor) when received in the period the event occurs. Cash received for events occurring in the future are recorded as increases in net assets with donor restrictions and released from restriction in the year the event occurs.

Program Service Revenue

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

In-kind Contributions

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

Prepaid Expenses

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

Lauren's Kids, Inc.

Notes to Financial Statements

Functional Expenses

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

Tax Status

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

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

The U.S. Federal jurisdiction is the major tax jurisdiction where the Organization files informational tax returns. The Organization is generally no longer subject to U.S. Federal examinations by tax authorities for years before 2018.

Accounting Pronouncements to be Adopted

Lease Accounting

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

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

Lauren's Kids, Inc.

Notes to Financial Statements

Contributed Nonfinancial Assets

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

Subsequent Events

The Organization has evaluated subsequent events through November 30, 2022, which is the date the financial statements were available to be issued. No material subsequent events have occurred through that date that require recognition or disclosure in the financial statements, except as disclosed in Note 4 and 6.

3. Liquidity and Availability of Resources

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

<i>December 31,</i>	2021	2020
Cash	\$ 2,810,443	\$ 2,319,523
Restricted cash	183,800	137,300
Grants and other receivables	895,882	851,700
Total Financial Assets	3,890,125	3,308,523
Less: amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose/time restrictions	183,800	137,300
Total Financial Assets Available to Management for General Expenditures within One Year	\$ 3,706,325	\$ 3,171,223

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

Lauren's Kids, Inc.

Notes to Financial Statements

4. Grants and Other Receivables

Grants and other receivables consist of the following:

<i>December 31,</i>	2021	2020
Florida Department of Education	\$ 878,902	\$ 842,669
Florida Department of Highway Safety and Motor Vehicles	10,356	5,941
Other receivables	6,624	3,090
	\$ 895,882	\$ 851,700

All receivables were collected subsequent to year end.

5. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following:

<i>December 31,</i>	2021	2020
Accounts payable	\$ 10,372	\$ 5,985
Accrued professional service fees	22,000	18,500
Accrued payroll	6,609	17,917
	\$ 38,981	\$ 42,402

6. Grant Revenue

Grant revenue consists of the following:

<i>December 31,</i>	2021	2020
Florida Department of Education	\$ 2,036,233	\$ 1,224,189

Subsequent to the year ended December 31, 2021, the Organization was notified that funding for a major program remained the same at \$2,000,000 for the 2022-2023 grant year.

Lauren's Kids, Inc.

Notes to Financial Statements

7. In-Kind Contributions

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

<i>December 31,</i>	2021	2020
Professional services	\$ 100,000	\$ 100,000
Program services	5,000	532,421
Other goods and services	3,654	9,654
	\$ 108,654	\$ 642,075

8. Paycheck Protection Program Loan

On April 20, 2020, the Organization received a loan of \$40,224 under the Paycheck Protection Program ("PPP") authorized by the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") that was signed into law on March 27, 2020. The loan began accruing interest at a rate of 1.00% on the effective date. Principal payments were due in equal monthly installments commencing November 20, 2020. The loan was set to mature on April 20, 2022, at which time all unpaid principal and accrued interest is due. Under the PPP, loan funds are eligible for forgiveness to the extent that they are used to cover certain payroll, rent, and utility costs and if the Organization retains employees during a specified period. The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on the Organization having initially qualified for the loan and qualifying for the forgiveness of such loan based on the Organization's future adherence to the forgiveness criteria. During the year ended December 31, 2021, the Organization was granted forgiveness for the loan of \$40,224 and all conditions of the loan were explicitly waived. The proceeds of \$40,224 have been recognized as "Gain on forgiveness of paycheck protection program loan" on the accompanying statements of activities for the year ended December 31, 2021.

On February 2, 2021, the Organization received a second PPP loan of \$41,952. The loan began accruing interest at a rate of 1.00% on the effective date. Principal payments were due in equal monthly installments commencing January 2, 2022. The loan was set to mature on February 2, 2026, at which time all unpaid principal and accrued interest is due. During the year ended December 31, 2021, the Organization was granted forgiveness for the loan of \$41,952 and all conditions of the loan were explicitly waived. The proceeds of \$41,952 have been recognized as "Gain on forgiveness of paycheck protection program loan" on the accompanying statements of activities for the year ended December 31, 2021.

The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions and technical corrections to tax depreciation methods for qualified improvement property. The Organization did not apply for any other funding and noted no material impact from the other tax provisions.

Lauren's Kids, Inc.

Notes to Financial Statements

9. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of cash received for special events that will take place in the upcoming year and totaled \$183,800 and \$137,300 at December 31, 2021 and 2020, respectively.

10. Operating Lease

The Organization leases its office space under an operating lease which expires in 2023. Approximate minimum future rental commitments are \$55,000 per year until 2022, and \$45,000 in the year of expiration. Payments made under this arrangement, including rent and other variable charges, totaled \$47,155 and \$49,879 for the years ended December 31, 2021 and 2020, respectively, and are included in "Facilities and equipment rental" in the statements of functional expenses.

11. Risk And Uncertainties

Concentration of Credit Risk

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

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

Significant Vendors

The Organization uses various third-party service providers for its programs. For the year ended December 31, 2021, payments to two vendors totaled approximately \$1,120,000. For the year ended December 31, 2020, payments to three vendors totaled approximately \$630,000.

Significant Grantor

The State of Florida, through its agencies, accounted for 77% and 53% of total support and revenue for the years ended December 31, 2021 and 2020, respectively.

Reports Required by *Government Auditing Standards* and Chapter 10.650, *Rules of the Auditor General of the State of Florida*



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors of
Lauren's Kids, Inc.
Miami, 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 Lauren's Kids, Inc. (the Organization) (a nonprofit organization), which comprise the Organization's 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 November 30, 2022.

Report on Internal Control Over Financial Reporting

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

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

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



Report on Compliance and Other Matters

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

Purpose of this Report

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

BDO USA, LLP

Miami, Florida
November 30, 2022



Independent Auditor's Report on Compliance for Each Major State Project and on Internal Control Over Compliance Required by Chapter 10.650, Rules of the Auditor General of the State of Florida

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

Report on Compliance for Each Major State Project

Opinion on Each Major State Project

We have audited Lauren's Kids, Inc.'s (the Organization) compliance with the types of compliance requirements identified as subject to audit in the Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the Organization's major state projects for the year ended December 31, 2021. The Organization's major state project is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major state project for the year ended December 31, 2021.

Basis for Opinion on Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the audit requirements of Chapter 10.650, *Rules of the State of Florida Auditor General* (Chapter 10.650). Our responsibilities under those standards and Chapter 10.650 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization 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 the major state project. Our audit does not provide a legal determination of the Organization'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 the Organization's 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 the Organization'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 GAAS, *Government Auditing Standards* and Chapter 10.650 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 the Organization's compliance with the requirements of each major state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and Chapter 10.650, 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 the Organization'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 the Organization'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 Chapter 10.650, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 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 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 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 Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

Miami, Florida
November 30, 2022

Supplemental Information

Lauren's Kids, Inc.

Schedule of Expenditures of State Financial Assistance Year Ended December 31, 2021

December 31, 2021

State Grantor Pass through Grantor, State Project Title	State Assistance Number	Contract/ Grant Number	Transfer to Sub-recipients	Total State Expenditures
State of Florida Department of Education and Commissioner of Education				
Safer, Smarter Schools	48.148	92F-90570-1Q001, 92F-90570-2Q001	\$ -	\$ 2,036,233
State of Florida Department of Highway Safety and Motor Vehicles				
Prevent Sexual Child Abuse Voluntary Contribution	76.112	*	-	358,629
Lauren's Kids License Plates	76.134	*	-	221,119
Total Expenditures of State Financial Assistance			\$ -	\$ 2,615,981

(*) Not available.

See accompanying notes to the schedule of expenditures of state financial assistance.

Lauren's Kids, Inc.

Notes to Schedule of Expenditures of State Financial Assistance Year Ended December 31, 2021

1. General Information

The accompanying Schedule of Expenditures of State Financial Assistance (the Schedule) presents the activity of all state projects of Lauren's Kids, Inc. (the Organization) for the year ended December 31, 2021. The Schedule presents only a selected portion of the operations of the Organization and it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

2. Basis of Presentation

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

3. Sub-Recipients

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

Lauren's Kids, Inc.

Schedule of Findings and Questioned Costs Year Ended December 31, 2021

Section I - Summary of Audit Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None Reported

Noncompliance material to financial statements noted?

_____ Yes X No

State Projects

Internal control over major projects:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None Reported

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

Unmodified

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

_____ Yes X No

Identification of major state project:

CSFA Number

48.148

Name of State Financial Assistance Project

Safer, Smarter Schools

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

\$ 750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

Lauren's Kids, Inc.

Schedule of Findings and Questioned Costs Year Ended December 31, 2021

Section II - Findings - Audit of Financial Statements

None.

Section III - Findings and Questioned Costs - Major State Project

None.

Section IV - Prior Year Findings and Other Matters

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

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

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