

LAUREN'S KIDS, INC.

INDEPENDENT AUDITOR'S REPORT AND STATE OF FLORIDA SINGLE AUDIT

DECEMBER 31, 2022 AND 2021

LAUREN'S KIDS, INC.
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the 2022 Financial Statements

Opinion in the Financial Statements

We have audited the accompanying financial statements of Lauren's Kids, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the 2022 financial statements.

In our opinion, the 2022 financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, 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 for the 2022 Financial Statements

We conducted our audit 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 2022 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 audit. 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 2022 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 2022 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 2022 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 2022 financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the 2022 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 2022 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 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 2022 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 2022 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 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 2022 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 audit was conducted for the purpose of forming an opinion on the 2022 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 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 2022 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2022 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2022 financial statements or to the 2022 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of State Financial Assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2023, 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.

Other Matter – Prior Period Financial Statements

The financial statements of Lauren's Kids, Inc., as of and for the year ended December 31, 2021 were audited by other auditors whose report dated November 30, 2022, expressed an unmodified opinion on these financial statements..

PAAST, P.L.

Certified Public Accountants
Coral Gables, Florida
October 5, 2023

LAUREN'S KIDS, INC.
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31,

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 3,591,470	\$ 2,810,443
Restricted cash	-	183,800
Accounts receivable	450,059	895,882
Prepaid expenses	<u>26,582</u>	<u>134,449</u>
TOTAL ASSETS	<u>\$ 4,068,111</u>	<u>\$ 4,024,574</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 20,202	\$ 10,372
Accrued expenses	35,229	28,609
Refundable advance	<u>-</u>	<u>19,000</u>
TOTAL LIABILITIES	<u>55,431</u>	<u>57,981</u>
NET ASSETS		
Without donor restrictions	4,012,680	3,782,793
With donor restrictions	<u>-</u>	<u>183,800</u>
TOTAL NET ASSETS	<u>4,012,680</u>	<u>3,966,593</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,068,111</u>	<u>\$ 4,024,574</u>

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

LAUREN'S KIDS, INC.
 STATEMENTS OF ACTIVITIES
 FOR THE YEARS ENDED DECEMBER 31,

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Grants	\$ 2,057,890	\$ -	\$ 2,057,890	\$ 2,036,233	\$ -	\$ 2,036,233
Contributions	714,632	-	714,632	837,170	-	837,170
Program Service	154,544	-	154,544	246,952	-	246,952
Donated goods and services	250,786	-	250,786	108,654	-	108,654
Special Events	237,309	-	237,309	56,853	46,500	103,353
TOTAL SUPPORT AND REVENUE	3,415,161	-	3,415,161	3,285,862	46,500	3,332,362
Net assets released from restrictions:						
Restrictions satisfied by payments	183,800	(183,800)	-	-	-	-
TOTAL SUPPORT AND REVENUE	3,598,961	(183,800)	3,415,161	3,285,862	46,500	3,332,362
EXPENSES						
Programs	2,502,849	-	2,502,849	2,579,256	-	2,579,256
Fundraising	556,728	-	556,728	7,364	-	7,364
Management and general	315,380	-	315,380	227,246	-	227,246
TOTAL EXPENSES	3,374,957	-	3,374,957	2,813,866	-	2,813,866
OTHER INCOME						
Gain on forgiveness of debt	-	-	-	82,176	-	82,176
Other income	5,883	-	5,883	1,979	-	1,979
TOTAL OTHER INCOME	5,883	-	5,883	84,155	-	84,155
CHANGE IN NET ASSETS	229,887	(183,800)	46,087	556,151	46,500	602,651
NET ASSETS, BEGINNING OF YEAR	3,782,793	183,800	3,966,593	3,226,642	137,300	3,363,942
NET ASSETS, END OF YEAR	\$ 4,012,680	\$ -	\$ 4,012,680	\$ 3,782,793	\$ 183,800	\$ 3,966,593

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

LAUREN'S KIDS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31,

	2022				2021			
	Programs	Management and General	Fundraising	Total	Programs	Management and General	Fundraising	Total
EXPENSES								
Advertising	\$ 8,640	\$ -	\$ -	\$ 8,640	\$ 39,773	\$ -	\$ -	\$ 39,773
Awards	18,800	-	-	18,800	7,000	-	-	7,000
Conferences, meetings and travel	7,069	-	-	7,069	11,400	92	91	11,583
Credit card processing fees	1,550	-	2,514	4,064	2,183	-	2,590	4,773
Facilities and equipment rental	14,940	5,617	23,714	44,271	42,361	4,201	593	47,155
Insurance	2,445	717	3,293	6,455	4,681	464	66	5,211
Misc. and other expenses	163	610	21	794	635	124	351	1,110
Office expenses	47,224	49,058	627	96,909	16,290	5,327	13	21,630
Payroll taxes	3,736	12,722	3,358	19,816	8,102	10,290	184	18,576
Postage and delivery	58,067	89	198	58,354	56,275	-	173	56,448
Printing and sopying	27,283	54	-	27,337	11,947	-	-	11,947
Professional services	75,604	25,000	-	100,604	131,304	22,000	-	153,304
Professional services (in-kind)	105,200	-	-	105,200	100,000	-	-	100,000
Donated goods and services (in-kind)	-	-	145,586	145,586	8,654	-	-	8,654
Special events expenses	831	-	319,403	320,234	9,052	-	-	9,052
Program services	2,054,963	1,700	-	2,056,663	1,971,159	-	-	1,971,159
Salaries and benefits	64,553	219,813	58,014	342,380	145,452	184,748	3,303	333,503
Supplies, materials and other	11,781	-	-	11,781	12,988	-	-	12,988
TOTAL EXPENSES	\$ 2,502,849	\$ 315,380	\$ 556,728	\$ 3,374,957	\$ 2,579,256	\$ 227,246	\$ 7,364	\$ 2,813,866

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

LAUREN'S KIDS, INC.
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31,

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 46,087	\$ 602,651
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Gain on forgiveness of debt	-	(82,176)
Changes in operating assets and liabilities:		
Accounts receivable	445,823	(44,182)
Prepaid expenses	107,867	3,596
Accounts payable	9,830	(3,421)
Accrued expenses	6,620	-
Refundable advance	(19,000)	19,000
 TOTAL ADJUSTMENTS	 <u>551,140</u>	 <u>(107,183)</u>
 CASH PROVIDED BY OPERATING ACTIVITIES	 <u>597,227</u>	 <u>495,468</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from debt	-	41,952
 CASH PROVIDED BY FINANCING ACTIVITIES	 <u>-</u>	 <u>41,952</u>
 NET INCREASE IN CASH	 597,227	 537,420
CASH AT BEGINNING OF YEAR	<u>2,994,243</u>	<u>2,456,823</u>
CASH AT END OF YEAR	<u>\$ 3,591,470</u>	<u>\$ 2,994,243</u>
SUPPLEMENTAL DISCLOSURE OF CASH AND RESTRICTED CASH:		
Cash	\$ 3,591,470	\$ 2,810,443
Restricted cash	<u>-</u>	<u>183,800</u>
 TOTAL CASH AND RESTRICTED CASH	 <u>\$ 3,591,470</u>	 <u>\$ 2,994,243</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Non-cash financing activities:		
Forgiveness of debt	<u>\$ -</u>	<u>\$ 82,176</u>

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

NOTE 1 – NATURE OF ORGANIZATION

Lauren's Kids, Inc. (the "Organization") is a Florida not-for-profit organization 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) BASIS OF ACCOUNTING

The financial statements of the Organization have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The financial statements are presented in accordance with accounting guidance for Not-for-Profit Organizations. Accordingly, 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 restrictions. Contributions are classified based on the existence and nature of any donor restrictions. When a restriction expires, 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.

B) USE OF ESTIMATES

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those reported.

C) CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

Cash includes currency on hand. The Organization does not maintain any cash equivalents. Restricted cash consists of special events revenue with donor restrictions.

D) 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, 2022 and 2021 since all receivables were collected subsequent to year end.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E) PROPERTY AND EQUIPMENT

The Organization capitalizes property and equipment over \$500. Property and equipment are stated at cost when purchased or at the fair value at the date of gift when donated. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the related assets. As of December 31, 2022 and 2021, all furniture and equipment were fully depreciated.

F) 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, 2022 or 2021.

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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F) REVENUE (CONTINUED)

Grant Revenue, Vehicle Registration And Voluntary Contributions

The Organization receives grants and contracts from several sources including state 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.

Exchange Transactions

Reciprocal transfers in which each part 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 good 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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G) 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.

H) PREPAID EXPENSES

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

I) 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.

J) INCOME TAXES

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 expenses and other non-interest expense, respectively.

The U.S. Federal jurisdiction is the major tax jurisdiction where the Organization files international tax returns. The Organization is generally no longer subject to U.S. Federal examinations by tax authorities for years before 2019.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K) RECENTLY ADOPTED ACCOUNTING STANDARDS

Contributed Nonfinancial Assets

In September 2020, Financial Accounting Standards Board (“FASB”) issued ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, which amends guidance for not-for-profit entities that receive contributed nonfinancial assets.

The adoption of this standard did not impact the accounting for specific donations, nor previously reported net assets or changes in net assets. For the year ended December 31, 2022 and 2021, the Organization recognized approximately \$251,000 and \$109,000, respectively, in contributed nonfinancial assets which consists primarily of donated professional services and goods utilized for events produced by the Organization.

The contributions are valued using reasonable market value estimates provided by donor on the date of the contribution.

Leases

In February 2016, FASB issued an ASU which amends existing lease guidance. The update requires lessees to recognize a right-to-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 adoption of this standard had no effect on the accounting treatment of leases within the Organization. This lack of impact stems from the fact that the lease agreements entered into by the Organization were for periods of 12 months or less.

K) RECENT ACCOUNTING PRONOUNCEMENTS

The Organization evaluates new accounting pronouncements for relevance and impact on its financial statements. Management is currently evaluating the impact upcoming pronouncements will have on its financial statements.

L) ORGANIZATION'S REVIEW OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through October 5, 2023, the date when the financial statements were available to be issued.

M) RECLASSIFICATIONS

Certain items in the 2021 financial statements have been reclassified to conform to the 2022 presentation.

LAUREN'S KIDS, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2022 AND 2021

NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES

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

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 3,591,470	\$ 2,810,443
Restricted cash	-	183,800
Grants and other receivables	<u>450,059</u>	<u>895,882</u>
Total Financial Assets	<u>4,041,529</u>	<u>3,890,125</u>
Less: amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose/time restrictions	<u>-</u>	<u>183,800</u>
Total Financial Assets Available to Management for General Expenditures within One Year	<u>\$ 4,041,529</u>	<u>\$ 3,706,325</u>

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

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	<u>2022</u>	<u>2021</u>
Florida Department of Education	\$ 436,792	\$ 878,902
Florida Department of Highway Safety and Motor Vehicles	5,035	10,356
Other receivables	<u>8,232</u>	<u>6,624</u>
	<u>\$ 450,059</u>	<u>\$ 895,882</u>

All receivables were collected subsequent to year end.

LAUREN'S KIDS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 5 - ACCRUED EXPENSES

Accrued expenses consist of the following:

	<u>2022</u>	<u>2021</u>
Accrued professional service fees	\$ 27,000	\$ 22,000
Accrued payroll	7,218	6,609
Accrued rent	<u>1,011</u>	<u>-</u>
	<u>\$ 35,229</u>	<u>\$ 28,609</u>

NOTE 6 - GRANT REVENUE

	<u>2022</u>	<u>2021</u>
Florida Department of Education	<u>\$ 2,057,890</u>	<u>\$ 2,036,233</u>

Subsequent to the year ended December 31, 2022, the Organization was notified that funding for a major program remained the same at \$2,000,000 for the 2023-2024 grant year.

NOTE 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 "Professional services (in-kind)" and "Program goods and services (in-kind)" in the statements of functional expenses. In-kind contributions consist of the following:

	<u>2022</u>	<u>2021</u>
Professional services	\$ 105,200	\$ 100,000
Program services	-	5,000
Other goods and services	<u>145,586</u>	<u>3,654</u>
	<u>\$ 250,786</u>	<u>\$ 108,654</u>

NOTE 8 – VOLUNTARY CONTRIBUTIONS AND LICENSE PLATES

Through the state agency, Florida Department of Highway Safety and Motor Vehicles, the Organization receives voluntary contributions and funds from the sale of license plates. Revenue from voluntary contributions and license plates are included within "Contributions" in the statements of activities. Voluntary contributions and license plates consist of the following:

	<u>2022</u>	<u>2021</u>
Voluntary contributions	\$ 246,674	\$ 358,629
License plates	<u>253,019</u>	<u>221,119</u>
	<u>\$ 499,693</u>	<u>\$ 579,748</u>

NOTE 9 - 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 was 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 debt" 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 debt" 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.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of cash received for special events that took place in 2022 and totaled \$183,800 at December 31, 2021. There were no net assets with donor restrictions at December 31, 2022.

NOTE 12 – RELATED PARTY TRANSACTIONS

During July 2021, the Organization entered into a lease agreement to lease office space from a related party for a 12-month period which expired in June 2022. During October 2022, the Organization relocated their offices and entered into a lease agreement from a related party for an 8-month period which expired in June 2023. During July 2023, the lease was renewed for a 12-month period which will expire in June 2024. Approximate minimum future rental commitments are \$35,000.

Payments made under this arrangement, including rent and other variable charges totaled \$44,271 and \$47,155 for the years ended December 31, 2022 and 2021, respectively, and are included in "Facilities and equipment rental" in the statements of functional expenses.

NOTE 13 - RISK AND UNCERTAINTIES

Concentration of Credit Risk

The Organization maintains its cash balances at a financial institution which, at times, may exceed the federally insured limits. At December 31, 2022 and 2021, the Organization's uninsured bank balances approximated \$3,350,000 and \$2,752,000, respectively. No losses have been experienced related to such accounts.

Grants receivable credit risk is limited due to the nature of the state 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 and Grantor

The Organization uses various third-party service providers for its programs. For the year ended December 31, 2022, payments to two vendors totaled approximately \$1,302,000. For the year ended December 31, 2021, payments to two vendors totaled approximately \$1,120,000.

The State of Florida, through its agencies, accounted for 75% and 77% of total support and revenue for the years ended December 31, 2022 and 2021, respectively.

SUPPLEMENTAL INFORMATION



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.
Hollywood, 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 of the Organization's statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 5, 2023.

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 opinions 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 or significant deficiencies may exist that were not 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 *Governmental Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PAAST, P.L.

Certified Public Accountants
Coral Gables, Florida
October 5, 2023



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 of
Lauren's Kids, Inc.
Hollywood, 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 project for the year ended December 31, 2022. The Organization's major state programs are 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 each of its major state projects for the year ended December 31, 2022.

Basis for Opinion on Each 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 and 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 each 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 the 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.

PAAST, P.L.

Certified Public Accountants
Coral Gables, Florida
October 5, 2023

LAUREN'S KIDS, INC.
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED DECEMBER 31, 2022

State Grantor/ Pass through Grantor	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-90570-2Q001 92F-90570-3Q001	\$ -	\$ 2,057,890
State of Florida Department of Highway Safety and Motor Vehicles				
Prevent Sexual Child Abuse Voluntary Contribution	76.112	N/A N/A	-	246,674
Lauren's Kids License Plates	76.134		-	253,019
Total Expenditures of State Financial Assistance			\$ -	\$ 2,557,583

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

LAUREN'S KIDS, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 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, 2022. 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.

NOTE 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.

NOTE 3 – SUB-RECIPIENTS

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

LAUREN'S KIDS, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2022

Section I - SUMMARY OF AUDIT RESULTS

FINANCIAL STATEMENTS	RESULTS
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 identified?	No
Significant deficiency identified?	None reported
Noncompliance material to financial statements noted?	No
STATE PROJECTS	
Internal control over major projects:	
Material weakness identified?	No
Significant deficiency identified?	None reported
Type of auditor's report issued on compliance for the 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?	No
Identification of major state project:	
CSFA Number:	
48.148	Safer, Smart Schools
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

LAUREN'S KIDS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Section II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

Section III - MAJOR PROJECT AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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.