

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

Consolidated Financial Statements,  
Supplemental Information,  
Contract Compliance, and  
Independent Auditor's Report  
June 30, 2022

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## Independent Auditor's Report

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

### Opinion

We have audited the accompanying consolidated financial statements of Safe Children Coalition, Inc. (SCC) and Safe Children Coalition Foundation, Inc. (Foundation), (collectively the Organization), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Safe Children Coalition, Inc. and Safe Children Coalition Foundation, Inc. as of June 30, 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

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 Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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.

## **Other Matters**

### *Other Information*

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

*Supplemental Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental information on pages 22-23 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 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.



Sarasota, Florida  
December 13, 2022

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

Consolidated Statement of Financial Position

June 30, 2022

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**Assets**

Cash and cash equivalents (Note 3)	\$ 5,894,600
Accounts receivable	6,150
Contracts receivable (Note 5)	502,862
Assets held in charitable trusts (Note 6)	67,914
Contributions receivable from trusts (Note 6)	371,503
Other assets (Note 7)	111,278
Investments - partnership (Note 8)	148,259
Investments - trust account (Note 8)	2,513,492
Land, buildings and equipment, net (Note 9)	1,461,582
Total Assets	<u>\$ 11,077,640</u>

**Liabilities and Net Assets**

Liabilities:

Accounts payable	\$ 1,626,306
Accrued expenses	1,732,960
Refundable advances and deferred contract revenue (Note 11)	1,008,421
Custodial liabilities (Note 13)	147,640
Total Liabilities	<u>4,515,327</u>

Net Assets:

Without donor restrictions:

Undesignated	2,589,902
Board designated (Note 17)	899,152
Total net assets without donor restrictions	<u>3,489,054</u>

With donor restrictions:

Purpose and time restrictions (Note 18)	1,847,647
Perpetual in nature (Note 18)	1,225,612
Total net assets with donor restrictions	<u>3,073,259</u>

Total Net Assets	<u>6,562,313</u>
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Total Liabilities and Net Assets	<u>\$ 11,077,640</u>
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See accompanying notes to consolidated financial statements.

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

Consolidated Statement of Activities

Year Ended June 30, 2022

Net Assets Without Donor Restrictions:

Revenue, Support and Releases:

Contracts and government grants	\$ 46,869,506
Program fees, net of discounts of \$6,075	395,070
SCC Foundation, Inc. grants	16,310
United Way grants	75,000
Net assets released from restrictions	<u>623,621</u>
Total revenue, support and releases	<u>47,979,507</u>

Functional Expenses:

Program services	47,155,944
Management and general	1,180,922
Fundraising	<u>323,888</u>
Total functional expenses	<u>48,660,754</u>

Non-Operating Activities:

Contributions	712,776
In-kind contributions	72,080
Event loss, net of contributions and expenses	(58,079)
Interest and dividends, net of investment expenses	47,463
Gain on disposal of land, buildings and equipment	32,250
Equity gain on investment	53,931
Unrealized and realized loss on investments - trust account	(130,815)
Change in value of split interest agreements	<u>3,469</u>
Total non-operating activities	<u>733,075</u>

Change in net assets without donor restrictions	<u>51,828</u>
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Net Assets With Donor Restrictions:

Purpose and time restricted net assets:

Contributions	511,434
Interest and dividends, net of investment expenses	66,925
Unrealized and realized loss on investments - trust account	(312,688)
Change in value of split interest agreements	(82,475)
Net assets released from restrictions	<u>(623,621)</u>
Change in purpose and time restricted net assets	<u>(440,425)</u>

Change in net assets with donor restrictions	<u>(440,425)</u>
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Change in net assets	(388,597)
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Net assets, at the beginning of year	<u>6,950,910</u>
Net assets, at the end of year	<u>\$ <u>6,562,313</u></u>

See accompanying notes to consolidated financial statements.

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

Consolidated Statement of Cash Flows  
Year Ended June 30, 2022

Cash Flows from Operating Activities:	
Change in net assets	\$ <u>(388,597)</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	172,463
Gain on disposal of land, buildings and equipment	(32,250)
Equity gain on investment	(53,931)
Unrealized and realized loss on investments - trust account	443,503
Change in value of split interest agreements	79,006
Bad debts	14,759
Change in operating assets:	
Accounts and contracts receivable, net	(249,397)
Assets held in charitable trusts	115,673
Contributions receivable from trusts	88,964
Other assets	18,710
Change in operating liabilities:	
Accounts payable	347,892
Accrued expenses	1,058,885
Refundable advances and deferred contract revenue	(608,179)
Liability under trust agreements	(82,475)
Custodial liabilities	6,544
Total adjustments	<u>1,320,167</u>
Net cash provided by operating activities	<u>931,570</u>
Cash Flows from Investing Activities:	
Purchases of investments - trust account	(1,068,669)
Purchases of land, buildings and equipment	(839,521)
Proceeds from sale of investments	1,408,719
Proceeds from disposal of assets	32,250
Net cash used in investing activities	<u>(467,221)</u>
Change in cash and cash equivalents	464,349
Cash and cash equivalents, at the beginning of year	5,430,251
Cash and cash equivalents, at the end of year	\$ <u><u>5,894,600</u></u>
Supplemental disclosure of cash flow information:	
Cash paid for interest	\$ <u><u>375</u></u>
In-kind contributions	\$ <u><u>72,080</u></u>

See accompanying notes to consolidated financial statements.



**Safe Children Coalition, Inc.  
and Safe Children Coalition Foundation, Inc.**  
Consolidated Statement of Functional Expenses  
Year Ended June 30, 2022

	<b>Youth &amp; Family Services</b>	<b>Educational Outreach Services</b>	<b>Foster Care / Child Welfare</b>	<b>Program Services</b>	<b>Management and General</b>	<b>Fund- Raising</b>	<b>Total</b>
Subcontracted services	\$ -	\$ -	\$ 4,332,030	\$ 4,332,030	\$ -	\$ -	\$ 4,332,030
Residential services	-	-	9,558,924	9,558,924	-	-	9,558,924
Foster parent, adoption and independent living subsidies	-	-	10,877,372	10,877,372	-	-	10,877,372
Client services	27,831	-	2,181,986	2,209,817	-	-	2,209,817
Youth scholarships	4,000	40,000	-	44,000	-	-	44,000
Salaries	1,599,543	533,763	10,179,775	12,313,081	570,837	146,598	13,030,516
Employee benefits and payroll taxes	459,501	144,397	3,040,446	3,644,344	167,251	34,176	3,845,771
Professional services	33,444	18,883	784,529	836,856	147,018	27,010	1,010,884
Supplies	83,959	35,539	161,128	280,626	12,340	54,940	347,906
Telephone and networking	18,835	8,014	235,638	262,487	3,034	1,229	266,750
Postage and shipping	195	-	29,279	29,474	956	2,897	33,327
Occupancy	90,552	29,038	1,003,897	1,123,487	94,481	3,990	1,221,958
Repairs and maintenance	23,507	12,585	207,823	243,915	95,742	29,100	368,757
Community relations	911	-	6,581	7,492	-	17,646	25,138
In-kind contribution expense	32,540	-	228,605	261,145	-	-	261,145
Travel and client transportation	34,293	10,312	261,749	306,354	307	1,071	307,732
Staff development and conferences	23,969	7,450	163,214	194,633	15,827	1,548	212,008
Dues and licenses	11,835	5,580	24,226	41,641	1,345	395	43,381
General insurance	39,688	5,631	322,589	367,908	45,178	1,979	415,065
Credit card and bank charges	59	9,692	15,356	25,107	5,043	1,263	31,413
Miscellaneous	779	1,150	27,334	29,263	-	-	29,263
Bad debts	-	2,635	12,124	14,759	-	-	14,759
Total functional expenses before depreciation, amortization, and interest	2,485,441	864,669	43,654,605	47,004,715	1,159,359	323,842	48,487,916
Depreciation and amortization	47,849	311	102,694	150,854	21,563	46	172,463
Interest	-	-	375	375	-	-	375
Total functional expenses	<u>\$ 2,533,290</u>	<u>\$ 864,980</u>	<u>\$ 43,757,674</u>	<u>\$ 47,155,944</u>	<u>\$ 1,180,922</u>	<u>\$ 323,888</u>	<u>\$ 48,660,754</u>

See accompanying notes to consolidated financial statements.

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

Notes to Consolidated Financial Statements  
June 30, 2022

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**I. Description of Organization**

Safe Children Coalition, Inc. (SCC) is a 501(c)(3) non-profit organization founded in 1945. SCC is committed to providing a diverse array of services to the most disadvantaged and at-risk youth and families in our community and provided various programs and services in three counties during the year ended June 30, 2022. Safe Children Coalition Foundation, Inc. (Foundation) was created in 1981 for the sole purpose of raising funds to support the organization. SCC is the sole member of the Foundation.

The mission statement of the organization is “To protect children, strengthen families, and build community” and our Vision is for “All children to grow up in safe, stable, nurturing families and communities.”

The major program areas of the Safe Children Coalition include:

**Foster Care/Child Welfare** – Since 1997, SCC has been the contracted lead agency with the Department of Children and Families to provide foster care, adoptions and related child welfare services in Circuit 12. SCC provided its Child Welfare/Foster Care Program in Sarasota, Manatee and Desoto counties during the year ended June 30, 2022. The Child Welfare/Foster Care Program provides the following services: diversion, intervention, child and family assessment, case management, family preservation, parent training and support groups, out of home placement, reunification and adoptions.

**Youth & Family Services** - SCC Youth Prevention Services provide family counseling and consultation on a non-residential basis, directed at preventing youth from running away, being truant or becoming ungovernable. Residential services are provided through the Youth Shelter for homeless, foster and runaway youth ages 10 through 17 and at the Group Home for at-risk foster care youth ages 8 through 17. The Schoolhouse Link program coordinates educational services for homeless youth in Sarasota County.

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

**2. Summary of Significant Accounting Policies**

**Principles of Consolidation**

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

**Consolidated Financial Statements**

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

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

Notes to Consolidated Financial Statements (Continued)

June 30, 2022

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## **2. Summary of Significant Accounting Policies (Continued)**

### **Use of Estimates**

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

### **Revenue Recognition**

The accounting and reporting policies of the Organization comply with the accounting and reporting provisions of the American Institute of Certified Public Accountants. Net assets and public support, revenue and gains are classified based on the existence or absence of donor-imposed restrictions. When the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Accordingly, net assets and changes therein are classified as follows:

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

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

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

### **Donated Materials and Services**

The Organization recognizes nonfinancial assets within revenue in the form of contributed supplies and gift cards, which are recorded at fair value at the time of receipt. The Organization utilizes the contributed supplies and gift cards to help fulfill their purpose. The value of these donated items are recorded in the accompanying consolidated financial statements as in-kind contributions and amounted to \$72,080 for the year ended June 30, 2022.

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

### **Functional Allocation of Expenses**

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

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

Notes to Consolidated Financial Statements (Continued)

June 30, 2022

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**2. Summary of Significant Accounting Policies (Continued)**

**Income Taxes**

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

SCC and Foundation file income tax returns in the U.S. federal jurisdiction and the state of Florida. The tax periods open to examination by the major taxing jurisdictions to which SCC and Foundation are subject include the fiscal years ended June 30, 2019 through June 30, 2022.

**Financial Instruments Not Measured at Fair-Value**

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

**Reclassification**

To properly reflect net asset restrictions, a net reclassification of \$417,209 was made from undesignated net assets to purpose and time restricted net assets. This reclassification includes a \$712,606 increase to restricted net assets to match the consolidated statement of financial position with the accumulated endowments earnings classified as purpose restricted, as seen in Note 20. The reclassification also includes a \$295,397 decrease to restricted net assets to correct net assets that were improperly classified as restricted in a previous year. Such reclassifications have no effect on the change in net assets or total net assets previously reported.

**3. Cash and Cash Equivalents**

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

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

Restricted cash for federal grants and other purposes at June 30, 2022 amounted to \$4,570,794.

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

Notes to Consolidated Financial Statements (Continued)

June 30, 2022

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**4. Liquidity and Availability**

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

Cash and cash equivalents	\$ 5,894,600
Accounts receivable	6,150
Contracts receivable	502,862
Investments - trust account	<u>2,513,492</u>
Total financial assets available	<u>8,917,104</u>

Less: Amounts unavailable for general expenditures within one year due to:

Restricted cash for federal grants and other purposes	(4,570,794)
Restricted by donors with purpose and time restrictions	(1,847,647)
Restricted by donors in perpetuity	<u>(1,225,612)</u>
Total amounts unavailable for general expenditures within one year	<u>(7,644,053)</u>

Less: Amounts unavailable to management without Foundation Trustee's approval:

Board designated endowment	<u>(899,152)</u>
Total amounts unavailable to management without Foundation Trustee's approval:	<u>(899,152)</u>

Total financial assets available to management for general expenditure within one year \$ 373,899

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

The Board designated endowment of \$899,152 may be distributed to fund the operating budget. This amount could be made available if necessary.

**5. Contracts Receivable**

Contracts receivable represent funds due from federal, state and local government agencies for SCC social service programs including Educational Outreach Services, Youth and Family Services and Foster Care/Child Welfare. Contracts receivable totaled \$502,862 at June 30, 2022. Management considers contracts receivable to be fully collectible.

**6. Charitable Trusts and Trusts Receivable**

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

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

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

Notes to Consolidated Financial Statements (Continued)

June 30, 2022

**7. Other Assets**

Other assets are comprised of the following at June 30, 2022:

Prepaid expenses	\$	93,769
Deposits		17,509
Total	\$	<u>111,278</u>

**8. Investments**

**Partnership**

SCC is a limited partner in Community Based Care Integrated Health, LLC (CBCIH). The purpose of the CBCIH is to establish a trust to cover medical expenses in excess of Medicare payments. SCC's investment in the CBCIH totaled \$148,259 as of June 30, 2022. The CBCIH makes a quarterly determination of whether the assets held by the trust are sufficient to meet the obligations under the service agreement. If deemed insufficient, SCC is liable for any obligations under the services agreement or debt of the CBCIH as determined by their respective share of the CBCIH's revenue. SCC will have thirty days from the date of the notice from the CBCIH to provide additional contributions.

**Trust Account**

The market value, cost and provision for unrealized gain on investments are summarized in the aggregate as follows at June 30, 2022:

	<u>Cost</u>	<u>Fair Value</u>	<u>Accumulated Unrealized Gain (Loss)</u>
Equities	\$ 1,836,794	\$ 1,935,064	\$ 98,270
Fixed Income	624,281	578,428	(45,853)
Total investments	<u>\$ 2,461,075</u>	<u>\$ 2,513,492</u>	<u>\$ 52,417</u>

Investment activity for the year ended June 30, 2022 was as follows:

Interest and dividends, net of investment expenses	\$ <u>114,388</u>
Unrealized losses on investments	(506,942)
Realized gains on investments	<u>63,439</u>
Net unrealized and realized losses on investments	<u>(443,503)</u>
Total	<u>\$ (329,115)</u>

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

Notes to Consolidated Financial Statements (Continued)

June 30, 2022

**9. Land, Buildings and Equipment**

Land, buildings and equipment consist of the following at June 30, 2022:

Land	\$	846,000
Buildings		554,799
Equipment		2,410,793
Furniture and fixtures		1,001,761
Vehicles		441,286
Equipment under capital lease agreements		19,282
Leasehold improvements		548,721
		5,822,642
Less accumulated depreciation and amortization		(4,361,060)
Land, buildings and equipment, net	\$	1,461,582

The Organization capitalizes computer software exceeding \$2,000 and other assets exceeding \$1,000. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which range from 3 to 15 years for equipment, furniture and fixtures, and vehicles; and 10 to 30 years for buildings and improvements. Equipment under capital lease agreements is amortized using the straight-line method over the life of the leases and has a net book value of \$0 as of June 30, 2022. Leasehold improvements are being amortized over the lesser of the lease terms or the estimated useful lives of the assets. Land, buildings and equipment are recorded at cost, or if donated, at the fair market value at the time of receipt. Depreciation and amortization expense for the year ended June 30, 2022 totaled \$172,463.

Equipment has been purchased with funds received from other governmental agencies. Title to these assets acquired with government agency funds vests with SCC as long as SCC has a contract with the agencies. In accordance with contract provisions, SCC has segregated and identified this equipment. Upon contract termination, the equipment reverts to the respective agencies in accordance with their proportional interests. As of June 30, 2022, government funded assets had a total net book value of \$137,881.

**10. Retirement Plan**

**401(k) Plan**

Beginning January 1, 2020, SCC offers a tax-deferred savings plan, which qualifies as a voluntary contribution savings plan under Internal Revenue Code Section 401(k). Employees may provide tax-deferred contributions to fully vested individual retirement accounts up to the Internal Revenue Code limit. The plan covers all employees meeting eligibility criteria. SCC provides a non-elective contribution for eligible employees of 3% of employee compensation, which is 100% vested. SCC may make a discretionary contribution equal to a uniform percentage of the employee salary deferrals. The discretionary percentage is determined annually by the SCC and will not exceed 7% of the employee's compensation. SCC's contributions to the 401(k) plan charged to retirement costs for the fiscal year ended June 30, 2022 totaled \$862,079.

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

Notes to Consolidated Financial Statements (Continued)

June 30, 2022

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**11. Refundable Advances and Deferred Contract Revenue**

As of June 30, 2022, refundable advances and deferred contract revenue totaled \$1,008,421 and includes the following:

Conditional contributions received, that is those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Funds received in advance of the conditions being met are recorded as refundable advances. As of June 30, 2022, conditional contributions included in deferred revenue totaled \$53,671.

Certain government contracts and grants are received ratably over the respective contract periods. The Organization recognizes the related revenue as grant expenditures are made. Any excess of funds received over the amount earned is considered deferred contract revenue which amounted to \$954,750 at June 30, 2022.

**12. Commitments**

**Operating Leases**

The Organization leases space for administrative and program services under agreements expiring through 2026. Certain leases require payments for common area maintenance and also provide for adjustments to minimum lease payments annually based on fluctuations in the Consumer Price Index. These adjustments are estimated based on historical information and are included in the minimum lease commitment amounts below.

Future minimum lease payments associated with the operating leases are as follows as of June 30:

2023	\$ 697,674
2024	686,472
2025	641,004
2026	656,967
Total	\$ <u>2,682,117</u>

Rent expense related to the operating leases for the year ended June 30, 2022 totaled \$958,558.

**Leaseback Arrangements**

As part of the agreement for the sale of property (Note 26), SCC is entitled to lease back the Youth Shelter, a portion of one of the fitness centers, including the parking lot. The term of the leaseback is three years, ending March 25, 2023. No rent shall be paid, but SCC is responsible for utilities, maintenance (excluding repair and replacement), and insurance during the lease term.

**13. Custodial Liabilities**

SCC is the custodian for Social Security benefits for the children in its care. SCC is responsible for receiving funds from Social Security and disbursing such to the respective beneficiaries pursuant to requirements set forth by Social Security and the Florida Department of Children and Families. The funds are maintained in separate bank accounts. Custodial liabilities totaled \$147,640 as of June 30, 2022.

**14. Matching Requirements**

SCC has been awarded contracts from federal and state agencies, which require matching contributions by SCC. The matching requirements were met or exceeded on completed contracts during the year ended June 30, 2022.



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

Notes to Consolidated Financial Statements (Continued)

June 30, 2022

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**15. Governmental Contracts**

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

Government grant revenue includes the following components for the year ended June 30, 2022:

Amounts paid to subrecipients	\$ 12,598,627
Amounts paid to or on behalf of clients	13,012,042
Amounts related to services provided by SCC	<u>17,416,576</u>
Total	\$ <u>43,027,245</u>

**16. Fair Value of Financial Assets and Liabilities**

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

The following table presents information about the Organization's assets and liabilities that are measured at fair value on a recurring basis as of June 30, 2022 and indicates the fair value hierarchy of the valuation techniques used to determine such fair value. The three levels for measuring fair value are based on the reliability of inputs and are as follows:

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

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

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

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

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

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

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

Notes to Consolidated Financial Statements (Continued)

June 30, 2022

**16. Fair Value of Financial Assets and Liabilities (Continued)**

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

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

*Assets held in charitable trusts and annuities* - represents assets held by the Organization under charitable remainder trusts. Fair value is measured based on the underlying securities held within the trust assets, which have been determined to be Level 1 securities for the year ended June 30, 2022.

The following table sets forth the fair value hierarchy by level for the Organization's assets and liabilities measured at fair value on a recurring basis as of June 30, 2022:

Description	Total	Level 1	Level 2	Level 3
<b>Assets:</b>				
Equity securities	\$ 1,935,064	\$ 1,935,064	\$ -	\$ -
Fixed income securities	578,428	578,428	-	-
Total investments - trusts	2,513,492	2,513,492	-	-
Investments - partnerships	148,259	-	-	148,259
Contributions receivable from charitable trusts	371,503	-	-	371,503
Assets held in charitable trusts and annuities	67,914	67,914	-	-
Total assets at fair value	<u>\$ 3,101,168</u>	<u>\$ 2,581,406</u>	<u>\$ -</u>	<u>\$ 519,762</u>

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

	Contributions Receivable From Charitable Trusts	Liability Under Trust Agreements	Investments -Partnership
Balance - June 30, 2021	\$ 460,467	\$ 3,469	\$ 94,328
Change in fair value of charitable trusts	(88,964)	(3,469)	-
Equity gain on investment	-	-	53,931
Balance - June 30, 2022	<u>\$ 371,503</u>	<u>\$ -</u>	<u>\$ 148,259</u>

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

Notes to Consolidated Financial Statements (Continued)

June 30, 2022

**16. Fair Value of Financial Assets and Liabilities (Continued)**

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

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Investments - partnerships (a)	\$ <u>148,259</u>	\$ <u>-</u>	<u>n/a</u>	<u>n/a</u>

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

**17. Board Designated Net Assets**

The Foundation Trustees have designated \$899,152 as June 30, 2022 of net assets without donor restrictions to be utilized as a Board designated endowment. At the discretion of the Foundation Trustees, four to six percent of the fair market value of the assets may be distributed in the form of annual grants to SCC. Changes in the spending policy require approval of the majority of the Foundation Trustees.

**18. Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes at June 30, 2022:

Subject to expenditure for a specified purpose:

Child Welfare/Foster Care	\$ 809,431
Health Enhancement	49,872
Scholarships and SCC Programs	148,074
Endowment Earnings	400,853
Total purpose restrictions	1,408,230

Subject to the passage of time:

Charitable Remainder Trusts	439,417
Total time restrictions	439,417

Total purpose and time restrictions	1,847,647
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Perpetual in nature:

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

Total net assets with donor restrictions	\$ <u>3,073,259</u>
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**Safe Children Coalition, Inc.  
and Safe Children Coalition Foundation, Inc.**

Notes to Consolidated Financial Statements (Continued)

June 30, 2022

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**19. Net Assets Released From Restrictions**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by other events specified by donors. Purposes for which restrictions were accomplished during the year ended June 30, 2022 include the following:

Satisfaction of purpose restrictions:

Child Welfare/Foster Care	\$ 404,677
Scholarships and SCC Programs	152,954
Endowment Earnings	65,990
Total net assets released from restrictions	\$ <u>623,621</u>

**20. Endowment**

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

**Interpretation of Relevant Law**

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

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

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

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level classified as perpetual in nature restricted net assets. There were no deficiencies of this nature reported in net assets with donor restrictions at June 30, 2022.

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

Notes to Consolidated Financial Statements (Continued)

June 30, 2022

**20. Endowment (Continued)**

**Endowment Net Asset Composition**

As of June 30, 2022, endowment net assets consisted of the following:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>
Endowment funds without donor restrictions:		
Board designated quasi-endowment funds	\$ 899,152	\$ -
Donor restricted endowment funds:		
Endowments classified as purpose restricted	-	400,853
Endowments classified as perpetual in nature	-	1,225,612
Total	<u>\$ 899,152</u>	<u>\$ 1,626,465</u>

**Change in Endowment Net Assets**

Changes in endowment net assets for the year ended June 30, 2022 are as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, July 1, 2021	\$ 930,229	\$ 1,938,218	\$ 2,868,447
Endowment investment return:			
Interest and dividends	37,224	75,615	112,839
Realized and unrealized gain (loss), net	(130,013)	(312,688)	(442,701)
Total endowment investment return	(92,789)	(237,073)	(329,862)
Investment fees	(4,278)	(8,690)	(12,968)
Net assets released from restriction	65,990	(65,990)	-
Total endowment activity	(31,077)	(311,753)	(342,830)
Endowment net assets, June 30, 2022	<u>\$ 899,152</u>	<u>\$ 1,626,465</u>	<u>\$ 2,525,617</u>

**Return Objectives and Risk Parameters**

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

**Strategies Employed for Achieving Objectives**

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

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

Notes to Consolidated Financial Statements (Continued)

June 30, 2022

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**20. Endowment (Continued)**

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

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

**21. Related Party Transactions**

Board members are required to complete conflict of interest disclosure statements and abstain from voting on related issues. There are no related party transactions for the year ended June 30, 2022.

**22. Concentrations**

For the year ended June 30, 2022 approximately 99% of revenue and support was derived from government grants and contracts. Approximately 94% of the government grants and contracts revenue was provided for the Foster Care and Child Welfare Programs during the year ended June 30, 2022.

**23. Risks and Uncertainties**

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

**24. Contingencies**

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

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

In June 2009, SCC along with several other entities entered into a settlement agreement with regard to a not-for-profit Foundation (the NPO Foundation). Under the settlement, SCC will receive annual distributions from the NPO Foundation in amounts that are not determinable. In addition, if the NPO Foundation terminates before January 1, 2029, SCC will receive 1/36<sup>th</sup> of the net assets of the NPO Foundation. If the NPO Foundation terminates after January 1, 2029, the NPO Foundation will determine what amount, if any, SCC will receive. As of June 30, 2022, no amount was recorded related to these contingent gains as the amounts are not determinable.

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

Notes to Consolidated Financial Statements (Continued)

June 30, 2022

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**25. Self-Insurance**

During the year ended June 30, 2017, SCC adopted a self-insurance plan for health claims. SCC is responsible for claims up to approximately \$1,460,000. After that claims are covered by an insurance carrier. Management believes they have adequately provided for all claims incurred but not paid in the accompanying consolidated financial statements. Incurred but not reported (IBNR) claims have been accrued for by using trends and relationships observed in the past and applying to the future based on the assumption that the incurred date of a claim is the same as the date of service.

Actual results could differ from those estimates and assumptions. The IBNR liability totaled \$536,262 as of June 30, 2022 and is included in accrued expenses in the accompanying consolidated statement of financial position.

**26. Contractual Agreement**

In 2019, the Organization determined that the operations of a non-performing segment should be discontinued. The sale of the discontinued segment's property to an unrelated non-profit organization (Purchaser) was completed on March 25, 2020. The assets sold consisted of the land, buildings, and equipment of the discontinued segment.

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

**27. Subsequent Events**

The Organization has evaluated all events subsequent to the consolidated statement of financial position date of June 30, 2022, and through the date that these consolidated financial statements were available for issuance, December 13, 2022, and has determined that, other than as set forth below, there are no subsequent events that require disclosure.

Effective October 31, 2022, the Organization executed the purchase of a \$920,000 building that will be utilized as a temporary youth shelter.

## **Supplemental Information**



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

Consolidating Statement of Financial Position  
Year Ended June 30, 2022

	<u>Safe Children Coalition, Inc.</u>	<u>Safe Children Coalition Foundation, Inc.</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
<b>Assets</b>				
Cash and cash equivalents (Note 3)	\$ 5,558,143	\$ 336,457	\$ -	\$ 5,894,600
Accounts receivable	6,150	-	-	6,150
Contracts receivable (Note 5)	502,862	-	-	502,862
Assets held in charitable trusts (Note 6)	-	67,914	-	67,914
Contributions receivable from trusts (Note 6)	-	371,503	-	371,503
Other assets (Note 7)	107,992	3,286	-	111,278
Investments - partnership (Note 8)	148,259	-	-	148,259
Investments - trust account (Note 8)	-	2,513,492	-	2,513,492
Land, buildings and equipment, net (Note 9)	1,051,475	410,107	-	1,461,582
Beneficial interest in the net assets of the Foundation	3,700,798	-	(3,700,798)	-
Total Assets	<u>\$ 11,075,679</u>	<u>\$ 3,702,759</u>	<u>\$ (3,700,798)</u>	<u>\$ 11,077,640</u>
<b>Liabilities and Net Assets</b>				
Liabilities:				
Accounts payable	\$ 1,626,306	\$ -	\$ -	\$ 1,626,306
Accrued expenses	1,730,999	1,961	-	1,732,960
Refundable advances and deferred contract revenue (Note 11)	1,008,421	-	-	1,008,421
Custodial liabilities (Note 13)	147,640	-	-	147,640
Total Liabilities	<u>4,513,366</u>	<u>1,961</u>	<u>-</u>	<u>4,515,327</u>
Net Assets:				
Without donor restrictions:				
Undesignated	2,002,212	587,690	-	2,589,902
Board designated (Note 17)	-	899,152	-	899,152
Beneficial interest in the net assets without donor restrictions of the Foundation	1,486,842	-	(1,486,842)	-
Total net assets without donor restrictions	<u>3,489,054</u>	<u>1,486,842</u>	<u>(1,486,842)</u>	<u>3,489,054</u>
With donor restrictions:				
Purpose and time restrictions:				
Purpose and time restrictions (Note 18)	859,303	988,344	-	1,847,647
Beneficial interest in the purpose and time restricted net assets of the Foundation	988,344	-	(988,344)	-
Total purpose and time restrictions	<u>1,847,647</u>	<u>988,344</u>	<u>(988,344)</u>	<u>1,847,647</u>
Perpetual in nature:				
Perpetual in nature (Note 18)	-	1,225,612	-	1,225,612
Beneficial interest in the perpetual in nature restricted net assets of the Foundation	1,225,612	-	(1,225,612)	-
Total perpetual in nature	<u>1,225,612</u>	<u>1,225,612</u>	<u>(1,225,612)</u>	<u>1,225,612</u>
Total net assets with donor restrictions	<u>3,073,259</u>	<u>2,213,956</u>	<u>(2,213,956)</u>	<u>3,073,259</u>
Total Net Assets	<u>6,562,313</u>	<u>3,700,798</u>	<u>(3,700,798)</u>	<u>6,562,313</u>
Total Liabilities and Net Assets	<u>\$ 11,075,679</u>	<u>\$ 3,702,759</u>	<u>\$ (3,700,798)</u>	<u>\$ 11,077,640</u>

See Independent Auditor's Report.

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

Consolidating Statement of Activities  
Year Ended June 30, 2022

	<b>Safe Children Coalition, Inc.</b>	<b>Safe Children Coalition Foundation, Inc.</b>	<b>Eliminations</b>	<b>Consolidated Total</b>
<b>Net Assets Without Donor Restrictions:</b>				
<b>Revenue, Support and Releases:</b>				
Contracts and government grants	\$ 46,869,506	\$ -	\$ -	\$ 46,869,506
Program fees, net of discounts of \$6,075	395,070	-	-	395,070
SCC Foundation, Inc. grants	202,549	-	(186,239)	16,310
United Way grants	75,000	-	-	75,000
Rental income	-	83,030	(83,030)	-
Net assets released from restrictions	404,677	218,944	-	623,621
<b>Total revenue, support and releases</b>	<b>47,946,802</b>	<b>301,974</b>	<b>(269,269)</b>	<b>47,979,507</b>
<b>Functional Expenses:</b>				
Program services	47,238,974	186,239	(269,269)	47,155,944
Management and general	1,126,832	54,090	-	1,180,922
Fundraising	323,888	-	-	323,888
<b>Total functional expenses</b>	<b>48,689,694</b>	<b>240,329</b>	<b>(269,269)</b>	<b>48,660,754</b>
<b>Non-Operating Activities:</b>				
Contributions	707,622	5,154	-	712,776
In-kind contributions	72,080	-	-	72,080
Event loss, net of contributions and expenses	(58,079)	-	-	(58,079)
Interest and dividends, net of investment expenses	1,342	46,121	-	47,463
Gain on disposal of land, buildings and equipment	32,250	-	-	32,250
Equity gain on investment	53,931	-	-	53,931
Unrealized and realized loss on investments	(803)	(130,012)	-	(130,815)
Change in value of split interest agreements	-	3,469	-	3,469
Change in the beneficial interest in net assets of the Foundation	(13,623)	-	13,623	-
<b>Total non-operating activities</b>	<b>794,720</b>	<b>(75,268)</b>	<b>13,623</b>	<b>733,075</b>
<b>Change in net assets without donor restrictions</b>	<b>51,828</b>	<b>(13,623)</b>	<b>13,623</b>	<b>51,828</b>
<b>Net Assets With Donor Restrictions:</b>				
<b>Purpose and time restricted net assets:</b>				
Contributions	511,434	-	-	511,434
Change in the beneficial interest in net assets of the Foundation	(547,182)	-	547,182	-
Interest and dividends, net of investment expenses	-	66,925	-	66,925
Unrealized and realized loss on investments	-	(312,688)	-	(312,688)
Change in value of split interest agreements	-	(82,475)	-	(82,475)
Net assets released from restrictions	(404,677)	(218,944)	-	(623,621)
<b>Change in purpose and time restricted net assets</b>	<b>(440,425)</b>	<b>(547,182)</b>	<b>547,182</b>	<b>(440,425)</b>
<b>Change in net assets with donor restrictions</b>	<b>(440,425)</b>	<b>(547,182)</b>	<b>547,182</b>	<b>(440,425)</b>
<b>Change in net assets</b>	<b>(388,597)</b>	<b>(560,805)</b>	<b>560,805</b>	<b>(388,597)</b>
Net assets, at the beginning of year	6,950,910	4,261,603	(4,261,603)	6,950,910
<b>Net assets, at the end of year</b>	<b>\$ 6,562,313</b>	<b>\$ 3,700,798</b>	<b>\$ (3,700,798)</b>	<b>\$ 6,562,313</b>

See Independent Auditor's Report

**Safe Children Coalition, Inc.**  
Schedule of Expenditures of Federal Awards and State Financial Assistance  
Year Ended June 30, 2022

Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing	Pass-through Entity Identification or Contract Number	Federal Reimbursable Expenditures	Transfers to Subrecipients
<b>FEDERAL GRANTS AND CONTRACTS</b>				
<b>U.S. Department of Health and Human Services</b>				
Basic Center Grant	93.623	90CY7248-01-00	\$ 159,374	\$ -
Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth '21		90YO2315-02-00	27,359	-
Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth '22		90YO2448-01-00	70,116	-
Total Street Outreach Program Grant	93.557		<u>97,475</u>	<u>-</u>
Passed-through Florida Department of Children and Families Services:				
Guardianship Assistance	93.090	QJ2B0	115,002	-
MaryLee Allen Promoting Safe and Stable Families Program	93.556	QJ2B0	583,882	89,242
Grants to States for Access and Visitation Programs	93.597	QJ2B0	21,729	20,848
Chafee Education and Training Vouchers Program (ETV)	93.599	QJ2B0	67,295	-
Adoption and Legal Guardianship Incentive Payments	93.603	QJ2B0	73,024	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	QJ2B0	998,938	254,457
Foster Care-Title IV-E	93.658	QJ2B0	6,991,551	2,482,627
Adoption Assistance	93.659	QJ2B0	6,344,112	120,739
Social Services Block Grant	93.667	QJ2B0	1,853,043	1,170,430
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	QJ2B0	366,311	6,843
Medical Assistance Program	93.778	QJ2B0	222,205	167,158
Passed-through Florida Department of Children and Families Services:				
Child Abuse and Neglect State Grants		QJ2B0	19,327	2,356
Child Abuse and Neglect State Grants		QJ006	668,627	30,323
Total Child Abuse and Neglect State Grants	93.669		<u>687,954</u>	<u>32,679</u>
Passed-through Florida Department of Children and Families Services:				
Temporary Assistance for Needy Families		QJ2B0	2,631,227	435,410
Passed-through the Florida Department of Education / University of South Florida:				
Temporary Assistance for Needy Families		5830-1614-01-1	261,625	-
Total Temporary Assistance for Needy Families	93.558		<u>2,892,852</u>	<u>435,410</u>
<b>Total U.S. Department of Health and Human Services</b>			<b>\$ 21,474,747</b>	<b>\$ 4,780,433</b>
<b>U.S. Department of Education</b>				
Passed-through School Board of Sarasota County:				
Education for Homeless Children and Youth	84.196	N/A	\$ 84,895	\$ -
Passed-through School Board of Sarasota County:				
Title I Grants to Local Educational Agencies	84.010	N/A	75,000	-
<b>Total U.S. Department of Education</b>			<b>\$ 159,895</b>	<b>\$ -</b>
<b>Total Federal Grants and Contracts</b>			<b>\$ 21,634,642</b>	<b>\$ 4,780,433</b>

**Safe Children Coalition, Inc.**  
Schedule of Expenditures of Federal Awards And State Financial Assistance (Continued)  
Year Ended June 30, 2022

Grantor/Pass-Through Grantor/ Program or Cluster Title	State CSFA Number	Pass-through Entity Identification or Contract Number	State Reimbursable Expenditures	Transfers to Subrecipients
<b>STATE GRANTS AND CONTRACTS</b>				
<b>Florida Department of Juvenile Justice</b>				
Passed-through the Florida Network of Youth and Family Services:				
Children and Families in Need of Services (CINS/FINS) '21		N/A	\$ 562,014	\$ -
Children and Families in Need of Services (CINS/FINS) '22		N/A	629,231	-
Children and Families in Need of Services (CINS/FINS) (Probation Respite)		N/A	6,379	-
Total Children and Families in Need of Services (CINS/FINS)	80.005		1,197,624	-
<b>Total Florida Department of Juvenile Justice</b>			<b>\$ 1,197,624</b>	<b>\$ -</b>
<b>Florida Department of Children and Families</b>				
Out-of-Home Supports '22		QJ2B0	\$ 1,920,001	□ 207,492
Out-of-Home Supports '21		QJ2B0	361,955	-
Total Out-of-Home Supports	60.074		2,281,956	207,492
CBC - Adoption Services	60.076	QJ2B0	59,458	-
The Independent Living and Road to Independence Program	60.112	QJ2B0	89,311	-
CBC - Sexually Exploited Children	60.138	QJ2B0	7,297	9,148
Extended Foster Care Program	60.141	QJ2B0	166,683	69,411
CBC - Purchase of Therapeutic Services for Children	60.183	QJ2B0	22,631	12,045
Family Finders Program	60.206	QJ2B0	116,079	-
Kinship Navigator Program	60.207	QJ2B0	701,912	-
Guardianship Assistance Program	60.210	QJ2B0	47,660	-
<b>Total Florida Department of Children and Families</b>			<b>\$ 3,492,987</b>	<b>\$ 298,096</b>
<b>Total State Grants and Contracts</b>			<b>\$ 4,690,611</b>	<b>\$ 298,096</b>
<b>Total Federal and State Grants and Contracts</b>			<b>\$ 26,325,253</b>	<b>\$ 5,078,529</b>

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

**Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal and state granting activity of Safe Children Coalition, Inc. (SCC), and is presented on the Generally Accepted Accounting Principles basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, Rules of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic consolidated financial statements.

**Indirect Cost Election**

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

**Safe Children Coalition, Inc.**  
Schedule of Expenditures of Local Assistance and Matching Funds  
Year Ended June 30, 2022

Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Number	Pass-through Entity Identification or Contract Number	Local/Matching Reimbursable Expenditures	Transfers to Subrecipients
<b>LOCAL GRANTS AND CONTRACTS</b>				
<b>Manatee County Government</b>				
Diversion and Family Reunification Programs '22	N/A	DIV and FPRP 2022	\$ 647,581	\$ -
<b>Total Manatee County Government</b>			<u>\$ 647,581</u>	<u>\$ -</u>
<b>Sarasota County, Florida</b>				
Contracted Human Services:				
Family Haven Alliance Core, SHL Reach Case Manager '21	N/A	CAC2021-0050	\$ 4,950	\$ -
Family Haven Alliance Core, SHL Reach Case Manager '22	N/A	2022-0099	15,840	-
Youth and Family Services, Achievers, HIPPY				
Schoolhouse Link and ECC '21	N/A	CA2021-0050	65,643	-
Youth and Family Services, Achievers, HIPPY and Schoolhouse Link '22	N/A	CAC 2022-0073	220,120	-
<b>Total Sarasota County, Florida</b>			<u>\$ 306,553</u>	<u>\$ -</u>
<b>Total Local Grants and Contracts</b>			<u>\$ 954,134</u>	<u>\$ -</u>
<b>MATCHING FUNDS FOR FEDERAL PROGRAMS</b>				
Passed-through Florida Department of Children and Families Services:				
To Be Tested Pursuant to OCA Activity	N/A	QJ2B0	8,445,866	\$ 4,416,676
Guardianship Assistance	N/A	QJ2B0	56,056	-
Promoting Safe and Stable Families	N/A	QJ2B0	21,115	5,378
Temporary Assistance for Needy Families Block Grant	N/A	QJ2B0	1,723,029	300,284
Chafee Education and Training Vouchers Program	N/A	QJ2B0	2,267	-
Child Welfare Services - State Grants	N/A	QJ2B0	332,979	84,819
Foster Care Title IV E	N/A	QJ2B0	4,992,917	1,778,719
Adoption Assistance	N/A	QJ2B0	3,421,092	120,739
Chafee Foster Care for Successful Transition to Adulthood	N/A	QJ2B0	29,088	1,711
Medical Assistance Program	N/A	QJ2B0	222,202	167,158
<b>Total Matching Funds for Federal Programs</b>			<u>\$ 19,246,611</u>	<u>\$ 6,875,484</u>
<b>Total Federal and State Grants and Contracts</b>			<u>\$ 26,325,253</u>	<u>\$ 5,078,529</u>
<b>Total Grants and Contracts</b>			<u>\$ 46,525,998</u>	<u>\$ 11,954,013</u>

## **Contract Compliance**

## **Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

### **Independent Auditor's Report**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and Chapter 10.650, *Rules of the Auditor General*, the consolidated financial statements of Safe Children Coalition, Inc. (SCC) and Safe Children Coalition Foundation, Inc. (Foundation), collectively referred to as the Organization, which comprise the consolidated statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 13, 2022.

#### **Report on Internal Control over Financial Reporting**

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

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

### **Report on Internal Control over Financial Reporting (Continued)**

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

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

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

### **Purpose of this Report**

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



Sarasota, Florida  
December 13, 2022



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

**Independent Auditor's Report**

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

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

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

We have audited Safe Children Coalition, Inc. (SCC) and Safe Children Coalition Foundation, Inc.'s (Foundation), collectively referred to as the Organization, compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the requirements described in the State of Florida Department of Financial Services Statements Projects Compliance Supplement that could have a direct and material effect on each of the Organization's major federal programs and state financial assistance projects for the year ended June 30, 2022. The Organization's major federal programs and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state financial assistance projects for the year ended June 30, 2022.

**Basis for Opinion on Each Major Federal Program and State Financial Assistance 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 (*Government Auditing Standards*); the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.650, *Rules of the Auditor General*. Our responsibilities under those standards and the Uniform Guidance 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 federal program and state financial assistance 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 federal programs and state financial assistance project.

## **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 the Uniform Guidance 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 federal program and state financial assistance project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, 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 Uniform Guidance, 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 federal program or state financial assistance project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state financial assistance project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

**Report on Internal Control Over Compliance (Continued)**

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 Uniform Guidance and the Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.



Sarasota, Florida  
December 13, 2022

**Safe Children Coalition, Inc.**  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2022

**Section I - Summary of Auditor's Results**

**Financial Statements**

**Identification of Major Programs and Projects:**

Type of auditor's report issued: unmodified

**CFDA Numbers**

**Name of Federal Program or Cluster**

Internal control over financial reporting:

93.090, 93.556, 93.558, 93.597, 93.599, 93.603,  
 93.645, 93.658, 93.659, 93.667, 93.669, 93.674,  
 93.778

Foster Care

< Material weakness(es) identified?      yes   X   no

< Significant deficiency(ies) identified      yes   X   none reported

Noncompliance material to financial statements noted?

     yes   X   no

**CSFA Numbers**

**Name of State Project**

**Federal Awards and State Awards**

80.005

Children and Families in Need of Services

Internal control over major programs and projects:

< Material weakness(es) identified?      yes   X   no

60.074, 60.076, 60.112, 60.138, 60.141, 60.183,  
 60.206, 60.207, 60.210

Foster Care Community Based Support

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

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

unmodified

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

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

     yes   X   no

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

Auditee qualified as low-risk auditee?

  X   yes      no

**Section II - Financial Statement Findings**

None

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

None

**Section IV - Summary Schedule of Prior Audit Findings**

None

**Section V - Other**

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