

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

June 30, 2023 and 2022

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MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Florida Network of Children's Advocacy Centers, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Florida Network of Children's Advocacy Centers, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Florida Network of Children's Advocacy Centers, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

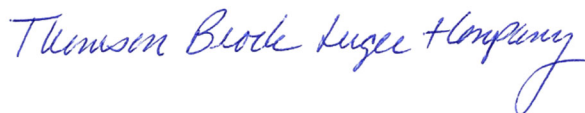
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Chapter 10.650, *Rules of the State of Florida Auditor General*, and is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and 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 __ (Report Date) __, on our consideration of Florida Network of Children’s Advocacy Centers, Inc.’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Florida Network of Children’s Advocacy Centers, Inc.’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Florida Network of Children’s Advocacy Centers, Inc.’s internal control over financial reporting and compliance.



Tallahassee, Florida
March 22, 2024

FLORIDA NETWORK OF CHILDREN'S ADVOCACY CENTERS, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash, and cash equivalents	\$ 626,735	\$ 674,576
Certificates of deposit	20,114	20,108
Restricted cash held in trust	640,355	522,686
Accounts receivable	5	17,641
Grants receivable	575,499	361,246
Prepaid expenses	60,468	69,168
TOTAL CURRENT ASSETS	1,923,176	1,665,425
NON-CURRENT ASSETS		
Furniture and equipment, net	15,560	5,225
Operating lease right-of-use asset, net	52,502	66,881
	68,062	72,106
	\$ <u>1,991,238</u>	\$ <u>1,737,531</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 692,458	\$ 556,166
Accrued payroll expenses	18,874	15,880
Due to grantor	43,165	31,314
Deferred revenue	129,871	125,725
Operating lease liability	15,603	14,378
TOTAL CURRENT LIABILITIES	899,971	743,463
NON-CURRENT LIABILITIES		
Operating lease liability	36,899	52,503
TOTAL LIABILITIES	936,870	795,966
NET ASSETS		
Without donor restrictions	273,448	249,777
With donor restrictions	780,920	691,788
TOTAL NET ASSETS	1,054,368	941,565
	\$ <u>1,991,238</u>	\$ <u>1,737,531</u>

See accompanying notes.

FLORIDA NETWORK OF CHILDREN'S ADVOCACY CENTERS, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT			
State appropriation	\$ -	\$ 5,625,445	\$ 5,625,445
License plate commissions	-	106,770	106,770
Child Advocacy Trust Fund	-	327,189	327,189
National Children's Alliance	-	274,545	274,545
Contributions	1,462	-	1,462
Special events and fundraisers	8,800	-	8,800
Restrictions satisfied by payments	<u>6,244,817</u>	<u>(6,244,817)</u>	<u>-</u>
	6,255,079	89,132	6,344,211
REVENUE			
Conference registration and sponsorships	199,435	-	199,435
Membership dues	29,300	-	29,300
Interest and other income	16	-	16
	<u>228,751</u>	<u>-</u>	<u>228,751</u>
TOTAL SUPPORT AND REVENUE	6,483,830	89,132	6,572,962
EXPENSES AND LOSSES			
PROGRAM SERVICES			
Payments to Children Advocacy Centers	5,590,610	-	5,590,610
Program and related expenses	<u>617,282</u>	<u>-</u>	<u>617,282</u>
	6,207,892	-	6,207,892
SUPPORTING SERVICES			
General and administrative	244,022	-	244,022
Development and fundraising	<u>8,245</u>	<u>-</u>	<u>8,245</u>
	<u>252,267</u>	<u>-</u>	<u>252,267</u>
TOTAL EXPENSES	6,460,159	-	6,460,159
Loss on disposal of assets	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENSES AND LOSSES	<u>6,460,159</u>	<u>-</u>	<u>6,460,159</u>
CHANGE IN NET ASSETS	23,671	89,132	112,803
BEGINNING NET ASSETS	<u>249,777</u>	<u>691,788</u>	<u>941,565</u>
ENDING NET ASSETS	<u>\$ 273,448</u>	<u>\$ 780,920</u>	<u>\$ 1,054,368</u>

See accompanying notes.

FLORIDA NETWORK OF CHILDREN'S ADVOCACY CENTERS, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT			
State appropriation	\$ -	\$ 4,666,707	\$ 4,666,707
License plate commissions	-	115,033	115,033
Child Advocacy Trust Fund	-	224,433	224,433
National Children's Alliance	-	218,835	218,835
Contributions	1,995	-	1,995
Special events and fundraisers	7,892	-	7,892
Restrictions satisfied by payments	<u>5,207,247</u>	<u>(5,207,247)</u>	<u>-</u>
	5,217,134	17,761	5,234,895
REVENUE			
Conference registration and sponsorships	133,997	-	133,997
Membership dues	29,000	-	29,000
Interest and other income	<u>212</u>	<u>-</u>	<u>212</u>
	<u>163,209</u>	<u>-</u>	<u>163,209</u>
TOTAL SUPPORT AND REVENUE	5,380,343	17,761	5,398,104
EXPENSES AND LOSSES			
PROGRAM SERVICES			
Payments to Children Advocacy Centers	4,606,767	-	4,606,767
Program and related expenses	<u>475,821</u>	<u>-</u>	<u>475,821</u>
	5,082,588	-	5,082,588
SUPPORTING SERVICES			
General and administrative	218,578	-	218,578
Development and fundraising	<u>7,631</u>	<u>-</u>	<u>7,631</u>
	<u>226,209</u>	<u>-</u>	<u>226,209</u>
TOTAL EXPENSES	5,308,797	-	5,308,797
Loss on disposal of assets	<u>1,756</u>	<u>-</u>	<u>1,756</u>
TOTAL EXPENSES AND LOSSES	<u>5,310,553</u>	<u>-</u>	<u>5,310,553</u>
CHANGE IN NET ASSETS	69,790	17,761	87,551
BEGINNING NET ASSETS	<u>179,987</u>	<u>674,027</u>	<u>854,014</u>
ENDING NET ASSETS	<u>\$ 249,777</u>	<u>\$ 691,788</u>	<u>\$ 941,565</u>

See accompanying notes.

FLORIDA NETWORK OF CHILDREN'S ADVOCACY CENTERS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2023

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Development & Fundraising</u>	<u>Total</u>
Funding provided directly to Children Advocacy Centers	\$ 5,590,610	\$ -	\$ -	\$ 5,590,610
Personnel expense	250,552	168,549	-	419,101
Conferences and meetings	173,413	10,101	-	183,514
CAC education and training	80,698	-	-	80,698
Public relations & advertising	43,340	-	-	43,340
Professional services	-	20,033	-	20,033
Lease expense	10,761	7,239	-	18,000
Bad debts	8,927	6,005	-	14,932
Travel	8,878	5,972	-	14,850
Office equipment, rental and maintenance	7,649	5,145	-	12,794
IT support and services	6,097	4,102	-	10,199
Licenses, dues and fees	6,052	4,071	-	10,123
Fundraising events	-	-	8,245	8,245
Fees and finance charges	4,386	2,950	-	7,336
Telephone & internet	4,346	2,923	-	7,269
Occupancy	2,579	1,735	-	4,314
Insurance	2,296	1,545	-	3,841
Depreciation	2,077	1,398	-	3,475
Miscellaneous	1,682	1,131	-	2,813
Supplies	1,522	1,024	-	2,546
Membership promotions	1,880	-	-	1,880
Postage and shipping	147	99	-	246
	<u>\$ 6,207,892</u>	<u>\$ 244,022</u>	<u>\$ 8,245</u>	<u>\$ 6,460,159</u>

See accompanying notes.

FLORIDA NETWORK OF CHILDREN'S ADVOCACY CENTERS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Development & Fundraising</u>	<u>Total</u>
Funding provided directly to Children Advocacy Centers	\$ 4,606,767	\$ -	\$ -	\$ 4,606,767
Personnel expense	249,180	159,906	-	409,086
Conferences and meetings	116,754	580	-	117,334
CAC education and training	10,442	-	-	10,442
Public relations & advertising	40,948	-	-	40,948
Professional services	-	20,554	-	20,554
Lease expense	10,507	6,743	-	17,250
Bad debts	933	598	-	1,531
Travel	2,946	1,891	-	4,837
Office equipment, rental and maintenance	6,522	4,185	-	10,707
IT support and services	6,996	4,489	-	11,485
Licenses, dues and fees	6,004	3,853	-	9,857
Fundraising events	-	-	7,631	7,631
Fees and finance charges	3,681	2,363	-	6,044
Telephone & internet	4,495	2,885	-	7,380
Occupancy	3,914	2,511	-	6,425
Insurance	3,409	2,187	-	5,596
Depreciation	847	543	-	1,390
Miscellaneous	4,964	3,186	-	8,150
Supplies	3,073	1,972	-	5,045
Membership promotions	-	-	-	-
Postage and shipping	206	132	-	338
	<u>\$ 5,082,588</u>	<u>\$ 218,578</u>	<u>\$ 7,631</u>	<u>\$ 5,308,797</u>

See accompanying notes.

FLORIDA NETWORK OF CHILDREN'S ADVOCACY CENTERS, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contracts, members and contributions	\$ 6,377,410	\$ 5,584,280
Cash payments to employees and employment taxes	(416,107)	(409,029)
Cash payments to vendors and sub-recipients	(5,860,409)	(4,785,769)
Cash payments for operating leases	(17,250)	(17,250)
NET CASH PROVIDED BY OPERATING ACTIVITIES	83,644	372,232
CASH FLOWS FROM INVESTING ACTIVITIES		
Reinvestment of interest earnings	(6)	(11)
Purchase of property and equipment	(13,810)	(4,708)
NET CASH USED IN INVESTING ACTIVITIES	(13,816)	(4,719)
NET INCREASE IN CASH AND RESTRICTED CASH	69,828	367,513
CASH AND RESTRICTED CASH AT BEGINNING OF YEAR	1,197,262	829,749
CASH AND RESTRICTED CASH AT END OF YEAR	\$ 1,267,090	\$ 1,197,262
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Change in net assets	\$ 112,803	\$ 87,551
Adjustments to change in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,475	1,390
Loss on sale of assets	-	1,756
Decrease (increase) in assets:		
Accounts receivable	17,636	20,409
Grants receivable	(214,253)	151,966
Prepaid expenses	8,700	4,879
Increase (decrease) in liabilities:		
Accounts payable	136,292	92,179
Accrued payroll expenses	2,994	57
Due to grantor	11,851	(52,430)
Deferred revenue	4,146	64,475
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 83,644	\$ 372,232

See accompanying notes.

See accompanying notes.

FLORIDA NETWORK OF CHILDREN’S ADVOCACY CENTERS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

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

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

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

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

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

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

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

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

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

FLORIDA NETWORK OF CHILDREN’S ADVOCACY CENTERS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

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

Grants Receivable - Grants receivable are amounts due from grants contracted with various departments in the State of Florida or federal agencies and are recognized in the period when services are provided. The Network’s grant receivables as of June 30, 2023 and 2022 are due in less than one (1) year and management believes that all receivables are fully collectible. Accordingly, no allowance for doubtful accounts is considered necessary.

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

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

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

Due to its tax-exempt status, the Network is not subject to U.S. federal income tax or state income tax. The Network’s Form 990 has not been subject to examination by the Internal Revenue Service or the State of Florida for the last three (3) years. The Network does not expect the total amount of unrecognized tax benefits to significantly change in the next twelve (12) months. The Network recognizes interest and/or penalties related to income tax matters in income tax expense. The Network did not have any amounts accrued for interest and penalties at June 30, 2023 and 2022.

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

Subsequent Events - Management has performed an analysis of the activities and transactions subsequent to June 30, 2023 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2023. Management has evaluated the subsequent events for recognition and disclosure through March 22, 2024 the date the financial statements were available to be issued.

FLORIDA NETWORK OF CHILDREN’S ADVOCACY CENTERS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 2 - RESTRICTED CASH HELD IN TRUST

In accordance with Chapter 938.10, Florida Statutes, court costs imposed in cases of certain crimes against minors are deposited into the Department of Children and Family Services Advocacy Trust Fund for the purpose of funding children’s advocacy centers that are members of the Network. The amounts deposited to the trust fund are both time and expenditure restricted. The Network and the Department of Children and Family Services entered into a contractual agreement through June 30, 2024 in which 95% of the funds must be distributed to the member advocacy centers either in providing local matching contributions to communities establishing children advocacy centers or an equitable distribution based on population, clients served and accreditation status.

NOTE 3 – CASH AND RESTRICTED CASH

The following are amounts for cash and restricted cash reported within the statements of financial position at June 30 that sum to the total of the same such amounts shown in the statements of cash flows:

	2023	2022
Cash	\$ 626,735	\$ 674,576
Restricted cash held in trust (Note 2)	640,355	522,686
	\$ 1,267,090	\$ 1,197,262

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2023	2022
Furniture, equipment and website	\$ 21,279	\$ 7,469
Less: accumulated depreciation	(5,719)	(2,244)
	\$ 15,560	\$ 5,225

Depreciation expense for the years ended June 30, 2023 and 2022 amounted to \$3,475 and \$1,390, respectively.

FLORIDA NETWORK OF CHILDREN'S ADVOCACY CENTERS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 5 - LINE OF CREDIT

During the year ended June 30, 2023, the Network renewed an unsecured line of credit with a commercial bank. As of June 30, 2023 and 2022, the outstanding balance due on the line amounted to \$0 with a remaining balance available to draw in the amount of \$50,000 for both years. Interest and fee expense incurred on the line of credit amounted to \$150 for each year ended June 30, 2023 and 2022.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows during the years ended June 30:

	<u>2023</u>	<u>2022</u>
Purpose restriction accomplished:		
Allowable grant expenditures	\$ 652,408	\$ 600,480
License plate commission support to Child Advocacy Centers	85,792	106,885
Sub-awards to local Child Advocacy Centers	<u>5,506,617</u>	<u>4,499,882</u>
	\$ <u>6,244,817</u>	\$ <u>5,207,247</u>

Net assets with donor restrictions are available for the following purposes or periods at June 30:

	<u>2023</u>	<u>2022</u>
License plate commissions	\$ 140,565	\$ 169,102
Child Advocacy Trust Fund	<u>640,355</u>	<u>522,686</u>
	\$ <u>780,920</u>	\$ <u>691,788</u>

NOTE 7 - CONCENTRATIONS

Concentration of Revenue Sources

The Network's main sources of revenue are derived from grants, appropriations and fees received from the State of Florida. For fiscal years ended June 30, 2023 and 2022, the Network received 92% and 93%, respectively, of its total support and revenue from three (3) separate State of Florida sources.

FLORIDA NETWORK OF CHILDREN'S ADVOCACY CENTERS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 7 – CONCENTRATIONS (Continued)

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

The Network maintains cash balances at a financial institution located in Florida. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2023 and 2022, the Network's uninsured cash balances totaled \$296,285 and \$419,975, respectively.

NOTE 8 - CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State of Florida. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Network expects such amounts, if any, to be immaterial.

NOTE 9 - RELATED PARTY TRANSACTIONS

During the years ended June 30, 2023 and 2022, the Network's Board of Directors had eleven (11) and nine (9) of its fifteen (15) and sixteen (16) members, respectively, as top management officials in Child Advocacy Centers throughout Florida. Funds from various grants were passed through to these Centers for both fiscal years.

NOTE 10 - PENSION PLAN

The Network created a 401(k) defined contribution plan during November 2013. All employees, who have been employed by the Network for at least one (1) year, are eligible to participate in the 401(k) plan. Employer contributions were \$16,911 for 2023 and \$15,293 for 2022.

FLORIDA NETWORK OF CHILDREN'S ADVOCACY CENTERS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 11 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Network's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one (1) year of the statement of financial position date:

	2023	2022
Financial assets at year-end:		
Cash and cash equivalents	\$ 626,735	\$ 674,576
Certificates of deposit	20,114	20,108
Restricted cash held in trust	640,355	522,686
Accounts receivable	5	17,641
Grants receivable	575,499	361,246
Less those unavailable for general expenditures within one (1) year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	(780,920)	(691,788)
Financial assets available to meet cash needs for general expenditures within one (1) year	\$ 1,081,788	\$ 904,469

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

NOTE 12 – LEASES

The Network entered into a five-year lease agreement for office space from July 15, 2021 through July 31, 2026. The lease has been classified as an operating lease in accordance with ASU 2016-02, *Leases* (Topic 842).

FLORIDA NETWORK OF CHILDREN'S ADVOCACY CENTERS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 12 – LEASES (Continued)

A summary of the total lease cost, by component, and other lease information for the years ended June 30, 2023 and 2022, are as follows:

	2023	2022
Operating lease cost	\$ <u>17,250</u>	\$ <u>17,250</u>
Other lease information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flow from operating leases	\$ 17,250	\$ 17,250
Right-of-use assets obtained for new operating lease liabilities	\$ -	\$ 80,250
Weighted-average remaining lease terms:		
Operating leases	4 years	4 years
Weighted-average discount rate:		
Operating lease	6%	6%

The future payments due under operating and finance leases as of June 30, 2023, are as follows:

For the years ending June 30, 2024	\$	18,330
2025		18,697
2026		19,071
2027		<u>1,592</u>
		57,690
Less: discounting		<u>(5,188)</u>
	\$	<u>52,502</u>

SUPPLEMENTARY INFORMATION

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

**FLORIDA NETWORK OF CHILDREN’S ADVOCACY CENTERS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
Year Ended June 30, 2023**

<u>Grantor/Program Title</u>	<u>CFDA/ CSFA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
FEDERAL EXPENDITURES				
<u>Department of Justice</u>				
Organizational Capacity Grant	16.758	TALL-FL- 20C22	\$ 48,204	\$ -
Statewide Project	16.758	TALL-FL- 2SP22	107,330	-
2023 Chapter Core Services	16.758	TALL-FL- CHCORE23	<u>112,863</u>	<u>-</u>
Total expenditures of federal financial awards			\$ <u>268,397</u>	\$ <u>-</u>
STATE EXPENDITURES				
<u>Department of Legal Affairs and Attorney General</u>				
<u>Florida Network of Children Advocacy Centers</u>				
	41.031	K05342	\$ 5,625,445	\$ 5,348,973
<u>Department of Children and Families</u>				
Children’s Advocacy Trust Fund	60.124	LJ012	209,520	155,845
<u>Dept. of Highway Safety and Motor Vehicles</u>				
<u>Child Abuse Prevention License</u>				
Plate Project	76.067	N/A	65,870	65,870
FNCAC Voluntary Contribution	76.123	N/A	<u>69,435</u>	<u>19,922</u>
Total expenditures of state financial assistance			\$ <u>5,970,270</u>	\$ <u>5,590,610</u>

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

Basis of Presentation

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

See independent auditors’ report.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Florida Network of Children's Advocacy Centers, Inc. (the "Network"), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated __ (Report Date) __.

Internal Control Over Financial Reporting

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

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

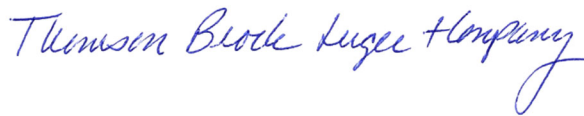
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in blue ink that reads "Thomson Brock Lugee Company". The signature is written in a cursive style.

Tallahassee, Florida
March 22, 2024

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

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

Report on Compliance for the Major State Project

Opinion on the Major State Project

We have audited Florida Network of Children's Advocacy Centers, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the Florida State Projects Compliance Supplement that could have a direct and material effect on Florida Network of Children's Advocacy Centers, Inc.'s major state project for the year ended June 30, 2023. Florida Network of Children's Advocacy Centers, Inc.'s major state project is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Florida Network of Children's Advocacy Centers, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state project for the year ended June 30, 2023.

Basis for Opinion on the Major State Project

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Florida Network of Children's Advocacy Centers, Inc.'s state project.

Auditors' 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 Florida Network of Children's Advocacy Centers, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and *Chapter 10.650, Rules of the State of Florida Auditor General* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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 Florida Network of Children's Advocacy Centers, Inc.'s compliance with the requirements of the state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and *Chapter 10.650, Rules of the State of Florida Auditor General*, 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 Florida Network of Children's Advocacy Centers, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Florida Network of Children’s Advocacy Centers, Inc.’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Chapter 10.650, *Rules of the State of Florida Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of Florida Network of Children’s Advocacy Centers, Inc.’s internal control over compliance. Accordingly, no such opinion is expressed.

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

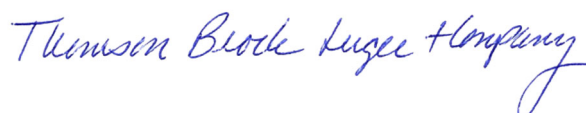
Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 Auditors’ 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, *Rules of the State of Florida Auditor General*. Accordingly, this report is not suitable for any other purpose.



Tallahassee, Florida
March 22, 2024

FLORIDA NETWORK OF CHILDREN’S ADVOCACY CENTERS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

Part A - SUMMARY OF AUDIT RESULTS

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

Part B - FINDINGS - FINANCIAL STATEMENTS AUDIT

None.

FLORIDA NETWORK OF CHILDREN'S ADVOCACY CENTERS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

Part C - FINDINGS AND QUESTIONED COSTS - MAJOR STATE PROJECTS

None.

Part D - PRIOR YEAR FINDINGS - FINANCIAL STATEMENTS

None.

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

None.

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MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the Florida Network of Children's Advocacy Centers, Inc. (the "Network") as of and for the year ended June 30, 2023 and have issued our report thereon dated March 22, 2024.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards and Independent Auditors' Report on Compliance with Requirements Applicable to each Major State Project and on Internal Control over Compliance in accordance with Chapter 10.650, *Rules of the State of Florida Auditor General* and schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 22, 2024 should be considered in conjunction with this management letter.

Additional Matters

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

PRIOR YEAR COMMENTS

None.

CURRENT YEAR COMMENTS

1. Capitalization of Website Development - Deficiency

While testing capital assets, we noted the development of the website was not capitalized and a proposed audit adjustment was required for the Financial Statements to be in accordance with Generally Accepted Accounting Principles. This purchase was over the capitalization threshold with a useful life that extends past one year. We recommend that management identify these purchases that meet the threshold for capitalization and adjust accordingly to their accounting system.

2. Timely Review of CAC Audited Financial Statements - Deficiency

While reviewing the Network's process of obtaining and reviewing the children advocacy centers' (the "Centers") financial statements, we noted the following:

- Reports provided for 3 of the 7 Centers tested were provided to the Network late, and
- Reports provided for 3 of the 7 Centers tested did not have documentation of the Network's review.

We recommend that the Network create a tracking schedule of all funded Centers' fiscal year ends and contact Centers that have not provided their audited financial statements by the 6th month after their fiscal year end. The contact should require the Centers to provide a status update of the audit, or indicate if they are not required to be audited because they did not reach the Florida Single Audit threshold of \$750,000 in state expenditures. Any failure to provide the audit in a timely manner or complete the requirement should be noted in a corrective action for the Center.

Purpose of this Letter

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

Thomson Brock Lugee Hopfinger

March 22, 2024