

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

PANAMA CITY, FLORIDA

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023



Tipton, Marler, Garner & Chastain
The CPA Group

GULF COAST CHILDREN’S ADVOCACY CENTER, INC.

PANAMA CITY, FLORIDA

FINANCIAL STATEMENTS

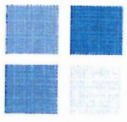
YEAR ENDED DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Gulf Coast Children's Advocacy Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Gulf Coast Children's Advocacy Center, Inc. as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Gulf Coast Children's Advocacy Center, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Gulf Coast Children's Advocacy Center, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Gulf Coast Children's Advocacy Center, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2024 on our consideration of Gulf Coast Children's Advocacy Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Gulf Coast Children's Advocacy Center, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Gulf Coast Children's Advocacy Center, Inc.'s internal control over financial reporting and compliance.

Tipton, Marler, Garner & Chastain

Panama City, Florida
June 20, 2024

GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

ASSETS

Current Assets:

Cash and cash equivalents	\$ 910,484
Investments - certificate of deposit	905,100
Contracts receivable	55,939
Grants receivable	1,468,089
Other receivables	23,785
Prepaid expenses	131,006
Unconditional promises to give	3,893
Total current assets	3,498,296

Property and Equipment:

Land	576,015
Buildings	3,247,217
Building improvements	108,486
Furniture and equipment	982,362
Automobiles	237,741
	5,151,821
Less accumulated depreciation	(1,702,210)
Net property and equipment	3,449,611

Other Assets:

Construction in progress - Marianna	1,153,324
Loan fees, net of amortization	14,960
Right-of-use assets - operating leases	2,141,494
Deposits	28,527
Total other assets	3,338,305

Total Assets

\$ 10,286,212

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable and accrued expenses	\$ 513,508
Interest payable	10,004
Bay County Commissioners advance (Note 6)	1,220,255
Refundable advances - grants	168,925
Deferred revenue - special events	35,940
Lines of credit	970,064
Current portion of operating lease liabilities	555,160
Current maturities of notes payable	46,637
Total current liabilities	3,520,493

Other Liabilities:

Operating lease liabilities, less current portion	1,615,371
Notes payable, less current maturities	1,033,028
Total other liabilities	2,648,399

Total liabilities

6,168,892

Net Assets:

With donor restrictions	422,640
Without donor restrictions	3,694,680
Total net assets	4,117,320

Total Liabilities and Net Assets

\$ 10,286,212

See independent auditor's report and the accompanying notes.

GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support:			
Contributions	\$ 134,440	\$ 192,123	\$ 326,563
In-kind contributions	46,976		46,976
Contract services	489,414		489,414
Grants	8,854,860		8,854,860
Administration fees	158,782		158,782
United Way allocations	27,998		27,998
Interest income	150,041		150,041
Building rent	23,239		23,239
Special events	507,990	38,717	546,707
Employee retention credit	1,492,889		1,492,889
Miscellaneous	74,032		74,032
Net assets released from restrictions	72,466	(72,466)	0
Total revenues and other support	<u>12,033,127</u>	<u>158,374</u>	<u>12,191,501</u>
Expenses:			
Program services -			
Community Outreach Program	492,711		492,711
Child Protection Team	1,275,835		1,275,835
Healthy Start	667,566		667,566
Parents as Teachers	297,189		297,189
Sexual Assault Program	2,369,401		2,369,401
Therapy Program	2,565,783		2,565,783
Victim Advocacy	1,148,484		1,148,484
Victim Services	878,686		878,686
Supporting services -			
General and administrative	1,353,586		1,353,586
Fundraising	278,639		278,639
Total expenses	<u>11,327,880</u>	<u>0</u>	<u>11,327,880</u>
Change in Net Assets	705,247	158,374	863,621
Net Assets:			
Net assets, beginning of year	2,993,337	264,678	3,258,015
Prior period adjustment (Note 15)	(3,904)	(412)	(4,316)
Net assets, beginning of year, restated	<u>2,989,433</u>	<u>264,266</u>	<u>3,253,699</u>
Net assets, end of year	<u>\$ 3,694,680</u>	<u>\$ 422,640</u>	<u>\$ 4,117,320</u>

See independent auditor's report and the accompanying notes.

GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	Program Services					
	Community Outreach Program	Child Protection Team	Healthy Start	Parents as Teachers	Sexual Assault Program	Therapy Program
Accounting, auditing, and professional fees	\$ 3,997	\$ 11,457	\$ 5,647	\$ 1,788	\$ 30,293	\$ 20,962
Administration fees	7,418	5,400	58,985	23,726	13,200	44,946
Advertising		769	847		8,656	1,823
Advocacy/Awareness expense		267		1,821	44,831	3,254
Amortization expense						
Bad debt expense						
Depreciation	170	55,864	17,661	180	8,918	38,184
Direct client care		122	255	8,835	7,040	89,148
Dues and subscriptions	180	180	423	3,105	4,247	2,569
Employee benefits	36,454	55,903	51,373	10,055	147,547	135,822
Employee/Board related expenses	1,274	1,265	669	465	6,613	1,691
Insurance	3,412	8,175	3,911	1,400	12,430	17,327
Interest						
Janitorial		29,697	9,600	400	21,547	50,005
Landscape supplies		6,547			45	4,415
Medical services and supplies	666	90,018	10,768	24,216	38,232	69,910
Miscellaneous		83	88		824	44
Office expense	871	8,236	3,133	3,535	39,647	27,998
Operating lease cost	8,877	70,635	28,968	5,566	281,643	108,989
Repairs and maintenance		8,645	142	106	6,208	2,948
Retirement	14,182	24,669	12,585	6,119	28,654	48,946
Salaries and related expenses	400,721	846,995	443,004	170,454	1,546,280	1,813,904
Special events					139	
Taxes and licenses					190	513
Telephone	4,422	13,275	6,345	1,556	28,372	23,728
Training	1,300	13,753	3,942	26,863	21,162	11,120
Travel	8,223	7,657	6,316	6,628	51,858	24,831
Utilities	544	16,223	2,904	371	20,825	22,706
Total expenses	\$ 492,711	\$ 1,275,835	\$ 667,566	\$ 297,189	\$ 2,369,401	\$ 2,565,783

Program Services			Supporting Services		
Victim Advocacy	Victim Services	Total Program Services	General and Administrative	Fundraising	Total
\$ 10,120	\$ 19,785	\$ 104,049	\$ 432,480		\$ 536,529
		153,675	5,107		158,782
755	768	13,618	22,432		36,050
6,182	365	56,720	8,313		65,033
		-	1,022		1,022
		-	850		850
11,087	61,068	193,132	27,532		220,664
	25,861	131,261	501		131,762
1,080	21,424	33,208	47,797		81,005
82,200	51,491	570,845	64,292		635,137
656	495	13,128	45,057		58,185
6,608	3,952	57,215	86,040		143,255
		-	97,363		97,363
23,064		134,313	14,107		148,420
5,833		16,840	13,028		29,868
	27	233,837	28		233,865
79	17	1,135	13,379		14,514
2,314	21,882	107,616	30,905		138,521
37,196	103,184	645,058	57,158		702,216
2,454	784	21,287	12,999		34,286
25,544	12,977	173,676	8,073		181,749
880,435	506,129	6,607,922	314,034	\$ 23,480	6,945,436
	15,353	15,492		255,159	270,651
		703	9,422		10,125
11,422	5,779	94,899	14,252		109,151
25,471	21,273	124,884	5,358		130,242
6,196	4,126	115,835	9,476		125,311
9,788	1,946	75,307	12,581		87,888
<u>\$ 1,148,484</u>	<u>\$ 878,686</u>	<u>\$ 9,695,655</u>	<u>\$ 1,353,586</u>	<u>\$ 278,639</u>	<u>\$ 11,327,880</u>

See independent auditor's report and the accompanying notes.

GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023

Cash Flows From Operating Activities:	
Cash received from contracts and grants	\$ 9,258,171
Cash received from contributions	326,151
Cash received from United Way	41,040
Cash received from Employee Retention Credit	1,492,889
Cash received from other operating receipts	828,950
Interest received	150,041
Interest paid	(97,363)
Cash paid to suppliers and employees	<u>(10,530,821)</u>
Net cash provided by operating activities	<u>1,469,058</u>
Cash Flows From Investing Activities:	
Net (increase) decrease in certificates of deposit	(905,100)
Purchases of property and equipment	(85,461)
Purchases of construction in progress	(994,564)
Interest paid - capitalized	<u>(15,013)</u>
Net cash used in investing activities	<u>(2,000,138)</u>
Cash Flows From Financing Activities:	
Advances from Bay County	213,346
Repayments on Bay County Advances	(699,856)
Proceeds from Line of Credit	969,974
Payments on notes payable	<u>(41,919)</u>
Net cash provided by financing activities	<u>441,545</u>
Net Decrease in Cash and Cash Equivalents	(89,535)
Cash and cash equivalents, beginning of year	<u>1,000,019</u>
Cash and cash equivalents, end of year	<u>\$ 910,484</u>
Reconciliation of change in net assets to net cash provided by operating activities -	
Change in net assets	\$ 863,621
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	220,664
Amortization	1,022
Amortization of operating lease right of use assets	525,162
(Increase) decrease in assets -	
Contracts receivable	(15,141)
Grants receivable	112,374
Other receivables	(12,856)
Prepaid expenses	(31,234)
Unconditional promises to give	(1,675)
Deposits	(4,930)
Increase (decrease) in liabilities -	
Accounts payable and accrued expenses	453,057
Interest payable	10,004
Refundable advances - grants	(167,919)
Deferred revenue - other	(412)
Deferred revenue - fundraisers	26,340
Operating lease liabilities	<u>(509,019)</u>
Total adjustments	<u>605,437</u>
Net cash provided by operating activities	<u>\$ 1,469,058</u>

See independent auditor's report and the accompanying notes.

GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 – NATURE OF ORGANIZATION

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Financial Statement Presentation

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

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

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

Cash and Cash Equivalents

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

Contracts Receivable

The Organization reports contracts receivable at net realizable value. As of December 31, 2023, the Organization has contracts receivables of \$55,939. Management determines the allowance for doubtful accounts based on historical losses and current economic conditions. Management believes all receivables are collectible, therefore, no allowance for doubtful accounts is provided in these financial statements.

GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants Receivable

The Organization reports grants receivable at net realizable value. As of December 31, 2023, the Organization has grants receivables of \$1,468,089. Management determines the allowance for doubtful accounts based on historical losses and current economic conditions. Management believes all receivables are collectible, therefore, no allowance for doubtful accounts is provided in these financial statements.

Unconditional Promises to Give

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

Property and Equipment

Property and equipment are stated at cost for assets purchased and at fair value for assets donated. Depreciation of equipment is provided over the estimated useful lives, generally five to seven years, of the respective assets on a straight-line basis. The Organization capitalizes all property and equipment purchases over \$1,000 or property and equipment less than \$1,000 that is required to be tracked by the granting agency. Depreciation expense for the year ended December 31, 2023 was \$220,664.

Refundable Advances and Deferred Revenue

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

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

GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Revenue is recognized on the accrual basis and generally consists of grants, contributions, contracts for services, special event revenue, in-kinds and other income.

Grants – Government and Other. The Organization is the recipient of federal, state, and local grants to fund its primary programs. Grants consist primarily of conditional grants, that is, those with a measurable performance or other barrier, and a right of return. Grants are not recognized until the conditions on which they depend have been substantially met. The federal, state, and local grants are conditioned upon the incurrence of allowable qualifying expenses. Grants are recorded as revenue when the related approved expenditures are made.

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

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

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

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

Contract Services. Fees charged to program users are recognized at the point in time when the Organization satisfies its performance obligations by transferring program services to users. The Organization's primary fees relate to providing advocacy services, medical exams, and forensic medical services for victims of abuse and sexual assault to various entities in the State of Florida. Any program fees prepaid by users are accounted for as deferred revenue until the Organization satisfies its obligations to provide the related services.

GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Building Rent. Rental income reflects revenues earned from operating leases on property owned by the Organization. Revenues are recognized on a straight-line basis over the lease term.

Special Events. Special event revenue consists of registrations, sponsorships and other contributions. The portion that is considered to be exchange revenue is recognized as revenue when the performance obligations are met, which is the occurrence of the event.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs incurred during the year ended December 31, 2023 were \$36,050.

Contributed Services

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

Income Taxes

Gulf Coast Children's Advocacy Center, Inc. has qualified as an exempt organization for federal income tax purposes under Internal Revenue Code Section 501(c)(3) and is not classified as a private foundation. However, the Organization may be subject to income taxes on unrelated business income. The Organization had no unrelated business income during the year ended December 31, 2023. Consequently, no provision for income taxes has been made in these financial statements.

Use of Estimates

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

GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Right-of-use Assets and Lease Liabilities

Under Topic 842, a lessee is required to recognize a right-of-use asset (ROU) and a lease liability based on the present value of the remaining lease payments. The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Organization recognizes a lease liability and a right-of-use asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Lessor accounting remains largely unchanged from previous guidance, with the majority of changes allowing for better alignment with the new lessee model and ASC Topic 606.

Key estimates and judgments related to leases include how the Organization determines (1) the discount rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The Organization uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Organization generally uses its estimated incremental borrowing rate or elects to use the risk-free interest rate as the discount rate for leases of all underlying classes of assets, as applicable. The lease term includes the noncancellable period of the lease, as well as expected renewal terms. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

The Organization has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. The Organization recognized lease cost associated with its short-term leases on a straight-line basis over the lease term.

The Organization has made the accounting policy election to not separate lease components from non-lease components when allocating contract consideration for all underlying classes of assets and common property, as applicable.

The Organization monitors changes in circumstances that would require a remeasurement of its leases and will remeasure right-of-use lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of any lease liability.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses are charged to program and supporting services based upon actual and direct consumption.

**GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments – certificate of deposit

Certificates of deposit with an initial maturity exceeding three months are reflected on the statement of financial position at fair value with interest income included in the statement of activities.

NOTE 3 – CONTRACTS AND GRANTS RECEIVABLE

Contracts and grants receivable at December 31, 2023 consist of the following:

	<u>Contracts</u>	<u>Grants</u>
Bay District Schools (COP)	\$ 7,000	
Bay, Franklin, Gulf Healthy Start Coalition, Inc.		\$ 104,166
Child Protection Teams		77,845
Department of Corrections	19,000	
Florida Association of Healthy Start Coalitions, Inc.		71,792
Florida Council Against Sexual Violence		277,114
Florida Network for Children's Advocacy Centers		41,928
Northwest Florida Health Network (PCIT)		49,708
Other	29,939	5,140
Sexual Abuse Treatment Program (SATP)/Therapy		12,855
Victims of Crime Act (VOCA)		827,541
Total contracts and grants receivable	<u>\$ 55,939</u>	<u>\$ 1,468,089</u>

NOTE 4 – LIQUIDITY AND AVAILABILITY

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

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

As of December 31, 2023, the following tables show the total financial assets held by the Organization and the amounts of those financial assets available within one year of the balance sheet date to meet general expenditures.

GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 – LIQUIDITY AND AVAILABILITY (Continued)

Financial assets at year-end:

	2023
Cash and cash equivalents	\$ 910,484
Investments – certificate of deposit	905,100
Contracts receivable	55,939
Grants receivable	1,468,089
Other receivables	23,785
Unconditional promises to give	3,893
Total financial assets at year-end	\$ 3,367,290

Financial assets available to meet general expenditures within one year:

	2023
Financial assets at year-end	\$ 3,367,290
Donor-restricted contributions	
Restricted by donor with purpose restrictions	
Bay County expenses	(2,136)
Capital Campaign	(364,723)
Covered in Grace Blankets	(1,250)
Holiday Hopes – Christmas gifts for victims	(10,675)
Justin Ayers Memorial Fund – Expenses for victims of crime	(3,583)
Sexual Assault Program	(2,594)
Snacks	(20,920)
Outer County expenses	(13,561)
Washington County expenses	(1,500)
Other	(1,698)
Total financial assets available to meet cash needs for general expenditures within one year	\$ 2,944,650

The Organization is substantially supported by contributions and grants. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. Contributions for Holiday Hopes are restricted for the purchase of Christmas gifts for victims. Contributions for Capital Campaign are restricted for the purpose of paying off the notes payables on two buildings owned by the Organization (see Note 21). Other restricted contributions received were for art supplies, blankets, hurricane assistance, training, snacks, and other small various items. In the event of an unanticipated liquidity need, the Organization could also draw upon any available funds from its \$250,000 line of credit (as further discussed in Note 8).

GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of the following:

	<u>2023</u>
United Way	\$ 3,893

NOTE 6 – GRANT FUNDING AGREEMENT

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

For the year ended December 31, 2023, the Organization received funding of \$213,346 and made payments of \$699,856 and the balance at year end was \$1,220,255.

NOTE 7 – ACCRUED COMPENSATED ABSENCES

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

NOTE 8 – LINE OF CREDIT

The Organization has a line of credit at a local financial institution for \$250,000. The line of credit has a variable interest rate and matures on January 1, 2024. The Organization made draws of \$249,910 and no principal payments during 2023, and the balance at December 31, 2023 was \$250,000.

In February 2023, the Organization secured a 12-month line of credit with First Federal Bank that allows the Organization to withdraw up to \$905,100 to fund the construction of the new Marianna, Florida office building. The line of credit has an interest rate of 4.34%, is secured with a matching certificate of deposit, and there is no penalty for early payoff. The Organization made draws of \$720,064 and no principal payments during 2023, and the balance at December 31, 2023 was \$720,064.

GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 9 – CONCENTRATIONS AND CREDIT RISKS

The Organization received 86% of its revenues and other support (excluding Employee Retention Credit income) from contracts and grants from the State of Florida, a federal agency, or pass through entity. If a significant reduction in this level of support were to occur, it would have a material effect on the Organization's activities.

The Organization maintains cash balances at various financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2023, the Organization had uninsured cash balances of \$1,367,113.

NOTE 10 – CONSTRUCTION COMMITMENT

The Organization has an outstanding commitment for construction contract at year end. The commitment represents the difference between the contract price of the construction project and the amounts paid on the contract. The Organization entered into an agreement with Donofro Architects (engineer) and Contracting Unlimited, Inc. (contractor) in May 2015 for the demolition and reconstruction of a new Marianna office building. After numerous delays, the original building was demolished, and construction commenced in 2023. As of December 31, 2023, the adjusted contract price was \$1,740,973, and the Organization's outstanding construction commitments were \$1,106,826.

NOTE 11 – SUPPLEMENTARY DISCLOSURES OF CASH FLOWS INFORMATION

Cash paid during the year 2023 for:

Interest – included in cash flows from operating activities	\$ 97,363
Interest – capitalized, included in cash flows from investing activities	\$ 15,013

NOTE 12 – DISAGGREGATION OF REVENUE AND CONTRACT BALANCES

The following table shows the Organizations revenues from contracts with customers disaggregated according to the timing or transfer of control of goods or services:

For the year ended December 31,	<u>2023</u>
<i>Recognized at a point in time</i>	
Contract services	\$ 489,414
Special events	<u>546,707</u>
Total revenue recognized at a point in time	<u>\$ 1,036,121</u>

GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 12 – DISAGGREGATION OF REVENUE AND CONTRACT BALANCES (Continued)

The following table presents information about contracts receivable, contract assets, and contract liabilities:

<i>December 31,</i>	2023
Contracts receivable – beginning balance	\$ 40,798
Contracts receivable – ending balance	55,939
 Contract assets – no beginning or ending balance for the year	 0
 Contract liabilities:	
Deferred revenue - fundraisers – beginning balance	9,600
Deferred revenue - fundraisers – ending balance	35,940

NOTE 13– NET ASSETS

Net Assets With Donor Restrictions:

As of December 31, 2023 net assets with donor restrictions of \$422,640, are restricted for the following purposes:

	2023
Bay County expenses	\$ 2,136
Capital Campaign	364,723
Covered in Grace Blankets	1,250
Holiday Hopes – Christmas gifts for victims	10,675
Justin Ayers Memorial Fund – Expenses for victims of crime	3,583
Sexual Assault Program	2,594
Snacks	20,920
Outer County expenses	13,561
Washington County expenses	1,500
Other	1,698
	\$ 422,640

Net Assets Without Donor Restrictions:

As of December 31, 2023, all other net assets were considered to be net assets without donor restrictions.

GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 14 – FUNCTIONAL ALLOCATION OF EXPENSES

The financial statements report certain categories of expenses that are attributable to more than one program, supporting, or fundraising function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Those expenses are salaries and benefits, which are allocated among program, administrative and fundraising services. Salaries and related payroll costs are allocated based on time, effort, and benefit received by each function.

NOTE 15 – PRIOR PERIOD ADJUSTMENTS

The beginning net asset balances at December 31, 2023 have been restated from the amounts previously reported to reflect the correction of prior year balances regarding overstated revenues and expenses. The amount of the adjustment is a decrease of \$3,904 to beginning net assets without donor restrictions and a decrease of \$412 to beginning net assets with donor restrictions for a total decrease of \$4,316.

NOTE 16 – LEASES – LESSORS

On September 1, 2021, the Organization renewed the non-cancellable sublease agreement with the Department of Children and Families for the use of the Organization's office space in Panama City, FL. The renewed lease is for a period of five years beginning February 1, 2022 and expiring on January 31, 2027. For the year ended December 31, 2023, the monthly rental income was \$1,884 for January and \$1,941 for February through December.

The components of operating lease income for the year ended December 31, 2023 were as follows:

Operating lease income:	
Fixed lease revenue	\$ 23,239
Total rental revenue	<u>\$ 23,239</u>

Property and equipment under operating leases as lessor:

As of December 31, 2023, approximately 910 square feet of the Organization's main office location is subject to an operating lease.

GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 16 – LEASES – LESSORS (Continued)

Maturity analysis of lease payments as lessor:

As of December 31, 2023, the undiscounted cash flows to be received from lease payments of the operating leases on an annual basis for the next five years and thereafter are as follows:

Year Ending December 31,		
2024	\$	23,938
2025		23,997
2026		23,997
2027		<u>2,000</u>
Total undiscounted cash flows	\$	<u>73,932</u>

NOTE 17 – LEASES – LESSEES

As of December 31, 2023, the Organization leases office space under 20 operating lease agreements and leases storage unit space under five operating lease agreements with 1-to-10-year initial terms. Most leases include renewal options which can extend the lease term up to 20 years. The exercise of these renewal options is at the sole discretion of the Organization, and only lease options that the Organization believes are reasonably certain to exercise are included in the measurement of the lease assets and liabilities. Not included in the measurement of the lease assets and liabilities are two office space and one storage unit lease agreements considered short-term.

While all of the agreements provide for minimum lease payments, some include variable payments based on an index or rate. Variable payments are not determinable at the lease commencement and are not included in the measurement of the lease assets and liabilities. The lease agreements do not include any material residual value guarantees or restrictive covenants.

The following summarized the line items in the balance sheet which include amounts for operating leases as of December 31, 2023:

	<u>2023</u>
Operating lease right-of-use assets, net	\$ <u>2,141,494</u>
Current maturities of operating lease liabilities	\$ 555,160
Operating lease liabilities, net of current maturities	<u>1,615,371</u>
Total operating lease liabilities	\$ <u>2,170,531</u>

GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 17 – LEASES – LESSEES (Continued)

The components of total lease cost in the statement of functional expenses for the year ended December 31, 2023, were as follows:

Operating lease cost	\$	586,679
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Not included in operating lease cost noted above are leases with an initial term of 12 months or less, variable lease costs, and other lease costs from terminated leases during the year, which are as follows:

Variable lease cost	\$	55,741
Short-term lease cost		52,882
Other lease cost		6,914
		<u>115,538</u>
Total lease cost	\$	<u>702,216</u>

The following summarized the weighted average remaining lease term and discount rate as of December 31:

		<u>2023</u>
Weighted Average Remaining Lease Term:		
Operating leases		5.22 years
Weighted Average Discount Rate:		
Operating leases		3.05 %

The future minimum lease payment for the following succeeding years, remaining under noncancelable operating leases with initial or remaining lease terms in excess of one year consisted of the following at December 31:

Year ending December 31,		
2024	\$	612,621
2025		504,347
2026		383,040
2027		279,814
2028		213,402
Thereafter		<u>378,304</u>
Total minimum lease payments		2,371,528
Less: amount representing interest		<u>(200,997)</u>
Present value of operating lease liabilities		2,170,531
Less: current maturities of operating lease liabilities		<u>(555,160)</u>
Remaining balance of operating lease liabilities	\$	<u>1,615,371</u>

GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 17 – LEASES – LESSEES (Continued)

Supplemental cash flow information:

Cash paid for operating lease liabilities	\$ 570,536
ROU assets obtained in exchange for lease obligations	\$ 482,190
Reductions to ROU assets resulting from reductions to Operating lease obligations	\$ 509,042

NOTE 18 – CONTRIBUTED NONFINANCIAL ASSETS

For the year ended December 31, 2023, contributed nonfinancial assets recognized within the statement of activities included, by program/function:

	<u>2023</u>
General:	
Audit Services	\$ 44,601
Employee Assistance Program Therapy	<u>2,375</u>
	<u>\$ 46,976</u>

NOTE 19 – PENSION PLAN

The Organization maintained a 403(b)-pension plan, which covered all eligible employees. The Organization terminated this plan and established a 401(k) plan during 2022. Upon termination of the 403(b)-pension plan, the Organization established a 401(k)-pension plan, which covers all eligible employees. The Organization may elect annually to contribute to the plan on behalf of the employees. For the year ended December 31, 2023, employer contributions were \$181,749.

NOTE 20 – RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

The FASB has issued new accounting guidance or modifications to, or interpretations of, existing accounting guidance. The Organization has considered the new un-adopted guidance and does not believe that any new or modified guidance will have a material impact on the Organization's reported financial position or activities in the near term.

GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 21 – NOTES PAYABLE

Notes payable are summarized as follows:

	As of December 31, 2023	
	Due in One Year	Due After One Year
Note payable, interest at 7.5% until repricing in March 2026, due in fixed monthly installments, collateralized by building, matures January 2038.	\$ 34,544	\$ 799,199
Note payable, interest at 5.5% until repricing in Oct 2024, due in variable monthly installments, collateralized by building, matures October 2039.	12,093	233,829
Total	\$ 46,637	\$ 1,033,028

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

2024	\$ 46,637
2025	48,352
2026	51,823
2027	55,550
2028	59,377
Thereafter	817,926
Total	\$ 1,079,665

NOTE 22 – INVESTMENTS – CERTIFICATE OF DEPOSIT

The Organization records certificates of deposit at cost and recognizes interest when earned. As of December 31, 2023, the Organization held a certificate of deposit totaling \$905,100. The certificate matures in January 2024 and is earning interest at a rate of 2.46%.

NOTE 23 – EMPLOYEE RETENTION CREDIT PROVIDED BY THE CARES ACT

In response to the coronavirus (COVID-19) outbreak in 2019, the U.S. Federal Government enacted the Coronavirus Aid, Relief, and Economic Security Act (the Cares Act) to provide economic stimulus. As part of the stimulus package, refundable employee retention credits (ERC) were provided to employers who met certain conditions. The tax credit was extended to 70% of qualified wages paid to employees during a quarter, with a limit on qualified wages per employee capped at \$10,000 of qualified wages per quarter through September 30, 2021.

GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 23 – EMPLOYEE RETENTION CREDIT PROVIDED BY THE CARES ACT (Continued)

The Organization qualified for ERC under the CARES Act. Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. During the year ended December 31, 2023, the Organization applied for Employee Retention Credit (ERC) grant funding from the Internal Revenue Service (IRS). The Organization received and recognized \$1,492,889 of grant revenue related to performance requirements being met in compliance with the program during the years ended December 31, 2021 and 2020.

Laws and regulations concerning government programs, including the CARES Act, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Organization's claim to the ERC, and it is not possible to determine the impact, if any, this would have upon the Organization.

NOTE 24 – SUBSEQUENT EVENTS

Construction Commitment Change Order

On March 9, 2024, the Board of Directors approved a change order on the Marianna construction commitment discussed at Note 10. The change order is a reduction of \$25,480 to the construction contract. As of the date of these financial statements, the revised construction commitment contract price is \$1,715,493.

Note Payable

On February 9, 2023, the Organization entered into an agreement with First Federal Bank to provide a \$905,100 line of credit to be used on the demolition and construction of the new Marianna office building. The line of credit had a fixed interest rate of 4.34%, required monthly interest-only payments during the 12-month term, and was secured by a matching \$905,100 certificate of deposit (see Note 8). As of the date of these financial statements, the full available balance on the line of credit has been drawn and used for construction expenses of the new Marianna, Florida office building.

On January 24, 2024, the Organization converted the \$905,100 line of credit to a 31-year note payable maturing on January 26, 2055, with monthly payments of \$3,699 beginning in February 2024.

GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 24 – SUBSEQUENT EVENTS (Continued)

Pending Litigation

As of the date of these financial statements, Gulf Coast Children's Advocacy Center, Inc. has received notices of intent to initiate litigation against the Organization. The notices have been forwarded to the Organization's insurer. Any evaluation of the likelihood of an unfavorable outcome or any estimate of the amount or range of potential loss is not available as of the date of these financial statements.

The Organization has evaluated subsequent events requiring disclosure or recording in these financial statements through June 20, 2024, which is the date these financial statements were available to be issued.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Gulf Coast Children's Advocacy Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 20, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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

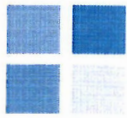
Government Auditing Standards requires the auditor to perform limited procedures on Gulf Coast Children's Advocacy Center, Inc.'s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Gulf Coast Children's Advocacy Center, Inc.'s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

Purpose of this Report

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

Tipton, Marler, Garner & Chastain

Panama City, Florida
June 20, 2024



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

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

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited Gulf Coast Children's Advocacy Center, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the Florida Single Audit Act (Florida Statute 215.97) that could have a direct and material effect on each of Gulf Coast Children's Advocacy Center, Inc.'s major federal programs and state projects for the year ended December 31, 2023. The Organization's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Gulf Coast Children's Advocacy Center, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program and State Project

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Tipton, Marler, Garner & Chastain

Panama City, Florida
June 20, 2024

**GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2023**

A. SUMMARY OF AUDITOR'S RESULTS

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

Federal Major Programs:

CFDA #16.575 – Victims of Crime Act

CFDA #93.778 – Medicaid Assistance Payments

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

The auditee qualifies as a low-risk auditee.

State Major Projects:

CSFA #64.006 – Medical Services for Abused and Neglected Children

CSFA #64.069 – Rape Crisis Centers

Dollar threshold for distinguishing between Type A and Type B projects was \$534,574 for major state projects.

**GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2023**

B. FINDINGS - FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statements that are required to be reported in accordance with generally accepted government auditing standards.

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

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

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

D. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

There were no findings related to the prior year financial statements that are required to be reported in accordance with generally accepted government auditing standards.

E. OTHER MATTERS

A management letter pursuant to Sections 215.97(10)(f) and 215.97(11)(d), Florida Statutes, was not reported because there were no items that were required to be reported related to federal programs or state projects.

GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2023

Federal/State Agency Pass-through Entity Federal Program/State Project	CFDA/ CSFA No.	Contract/ Grant No.	Total Expenditures
Federal			
U.S. Department of Justice			
Passed through Florida Office of Attorney General			
Victims of Crime Act	16.575 *	VOCA 2022-00887	\$ 3,271,590
Victims of Crime Act	16.575 *	VOCA 2022-00317	675,433
Victims of Crime Act	16.575 *	VOCA-C-2023-00196	879,555
Victims of Crime Act	16.575 *	VOCA-C-2023-00288	209,250
Total U.S. Department of Justice			<u>5,035,828</u>
U.S. Department of Health and Human Service			
Passed through Florida Department of Health			
Social Services Block Grant - Child Protection Team	93.667	CP12A	340,912
Passed through Northwest Florida Health Network			
Disaster Response State Grant Program (Mental Health)	93.982	C0806	609,111
Passed through Florida Council Against Sexual Violence			
Injury Prevention & Control Research & State & Community Based Programs	93.136	COHBO/21PHH25 (RPE)	11,872
Prevention Health and Human Services	93.991	COHBO/21PHH25 (PHH)	67,571
American Rescue Plan	16.017	23FVP25	1,575
Violence Against Women	16.588	23STO25	57,204
Passed through Bay, Franklin, Gulf Healthy Start Coalition, Inc.			
Health Resources and Services Adm.	93.994	CACHS 22-23	186,012
Medicaid Assistance Payments	93.778 *	CACHS 18-19	20,243
Medicaid Assistance Payments	93.778 *	CACHS 22-23	402,840
Passed through Florida Association of Healthy Start Coalitions, Inc.			
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	MIECHV-2223CAC	207,321
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	MIECHV-2324CAC-1	71,792
Total U.S. Department of Health and Human Service			<u>1,976,453</u>
Total Expenditures of Federal Awards			<u>\$ 7,012,281</u>
State of Florida			
Florida Department of Health			
Medical Services for Abused and Neglected Children (CPT)	64.006 *	CP12A	\$ 488,449
Medical Services for Abused and Neglected Children (SATP)	64.006 *	CP1PC/CP1FM	75,233
Total Florida Department of Health			<u>563,682</u>
Florida Council Against Sexual Violence			
Rape Crisis Centers (GR, GR+)	64.069 *	16TFGR25	829,050
Rape Crisis Program Trust Fund (TF)	64.061	16TFGR25	187,702
Total Florida Council Against Sexual Violence			<u>1,016,752</u>
Office of the Attorney General			
Passed through Florida Council Against Sexual Violence			
The Florida Council Against Sexual Violence	41.010	22OAG25	17,769
Passed through Florida Network for Children's Advocacy Centers, Inc.			
The Florida Network of Children Advocacy Centers	41.031	22/23 GR-CAC04	82,580
The Florida Network of Children Advocacy Centers	41.031	22/23 GR-CAC04 (CPT)	5,865
The Florida Network of Children Advocacy Centers	41.031	23/24 GR-CAC04	82,463
The Florida Network of Children Advocacy Centers	41.031	23/24 GR-CAC04 (CPT)	5,310
Total Office of the Attorney General			<u>193,987</u>
Florida Department of Children and Families			
Passed through Florida Network for Children's Advocacy Centers, Inc.			
DCF Trust Fund	60.124	22-23-DCF-CAC-04	8,570
Total Florida Department of Children and Families			<u>8,570</u>
Total Expenditures of State Financial Assistance			<u>\$ 1,782,991</u>

*denotes major program/project

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

See independent auditor's report.

GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal award and state financial assistance activity of Gulf Coast Children's Advocacy Center, Inc. under programs of the federal government and projects under the State of Florida for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the Florida Single Audit Act (Florida Statute 215.97), and Chapter 10.650 of the Rules of the Auditor General of the State of Florida. Because the Schedule presents only a selected portion of the operations of Gulf Coast Children's Advocacy Center, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Gulf Coast Children's Advocacy Center, Inc.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D – CONTINGENCY

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