

# 2024

Lake Sumter Children's Advocacy  
Center, Inc.

Financial Statements and  
Independent Auditor's Report

June 30, 2024

**PURVIS GRAY**  
CERTIFIED PUBLIC ACCOUNTANTS

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR’S REPORT**

**LAKE SUMTER CHILDREN’S ADVOCACY CENTER, INC.**

**JUNE 30, 2024**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Lake Sumter Children's Advocacy Center, Inc.

### Opinion

We have audited the accompanying financial statements of Lake Sumter Children's Advocacy Center, Inc. (the Center), a non-profit organization, which comprise the statement of financial position as of June 30, 2024, 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 referred to above present fairly, in all material respects, the financial position of the Center as of June 30, 2024, 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 the Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center'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,

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To the Board of Directors  
Lake Sumter Children's Advocacy Center, Inc.

## INDEPENDENT AUDITOR'S REPORT

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 the Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center'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.

### **Report on Summarized Comparative Information**

We have previously audited the Center's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial states in our report dated February 16, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Report on 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 state financial assistance, as required by Chapter 10.650, *Rules of the Auditor General*, 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

To the Board of Directors  
Lake Sumter Children's Advocacy Center, Inc.

### INDEPENDENT AUDITOR'S REPORT

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 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 November 21, 2024, on our consideration of the Center's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering the Center's internal control over financial reporting and compliance.



November 21, 2024  
Ocala, Florida

## **FINANCIAL STATEMENTS**

**STATEMENT OF FINANCIAL POSITION**  
**LAKE SUMTER CHILDREN'S ADVOCACY CENTER, INC.**  
**WITH SUMMARIZED PRIOR YEAR INFORMATION**  
**LEESBURG, FLORIDA**  
**JUNE 30, 2024**

**ASSETS**

	<b>2024</b>	<b>2023</b>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 2,324,728	\$ 1,185,256
Accounts Receivable	10,100	14,600
Grants Receivable	169,533	137,434
Investments	2,137,873	2,163,189
<b>Total Current Assets</b>	<b>4,642,234</b>	<b>3,500,479</b>
<b>Non-Current Assets</b>		
Deposits	2,300	2,300
Restricted Investments	437,622	435,437
Investments	-	293,621
Property, Plant and Equipment, Net	411,057	427,016
<b>Total Non-Current Assets</b>	<b>850,979</b>	<b>1,158,374</b>
<b>Total Assets</b>	<b>5,493,213</b>	<b>4,658,853</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accrued Compensated Absences	26,070	20,331
<b>Total Current Liabilities</b>	<b>26,070</b>	<b>20,331</b>
<b>Total Liabilities</b>	<b>26,070</b>	<b>20,331</b>
<b>Net Assets</b>		
Without Donor Restrictions:		
Investment in Property, Plant and Equipment	411,057	427,016
Board Designated Building Fund	148,500	-
Undesignated	4,469,964	3,776,069
With Donor Restrictions	437,622	435,437
<b>Total Net Assets</b>	<b>5,467,143</b>	<b>4,638,522</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 5,493,213</b>	<b>\$ 4,658,853</b>

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

**STATEMENT OF ACTIVITIES**  
**LAKE SUMTER CHILDREN'S ADVOCACY CENTER, INC.**  
**WITH SUMMARIZED PRIOR YEAR INFORMATION**  
**LEESBURG, FLORIDA**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2023</u>
<b>Revenues, Gains, and Support</b>				
Contributions:				
Donations	\$ 479,872	\$ 2,185	\$ 482,057	\$ 520,506
Fundraising	297,275	-	297,275	306,402
Revenues:				
Federal Grants	210,271	-	210,271	223,015
State Grants	837,099	-	837,099	729,272
Other Local Grants	30,058	-	30,058	30,720
Programs Services	66,900	-	66,900	96,000
Interest and Dividend Income	55,620	-	55,620	42,268
Realized and Unrealized Gain on Investments	339,309	-	339,309	184,774
<b>Total Revenues, Gains, and Support</b>	<u>2,316,404</u>	<u>2,185</u>	<u>2,318,589</u>	<u>2,132,957</u>
<b>Expenses</b>				
Program Services	1,351,679	-	1,351,679	1,167,146
Management and General	91,927	-	91,927	82,605
Fundraising	46,362	-	46,362	42,291
<b>Total Expenses</b>	<u>1,489,968</u>	<u>-</u>	<u>1,489,968</u>	<u>1,292,042</u>
<b>Increase in Net Assets</b>	826,436	2,185	828,621	840,915
<b>Net Assets, Beginning of Year</b>	<u>4,203,085</u>	<u>435,437</u>	<u>4,638,522</u>	<u>3,797,607</u>
<b>Net Assets, End of Year</b>	<u>\$ 5,029,521</u>	<u>\$ 437,622</u>	<u>\$ 5,467,143</u>	<u>\$ 4,638,522</u>

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

**STATEMENT OF FUNCTIONAL EXPENSES**  
**LAKE SUMTER CHILDREN'S ADVOCACY CENTER, INC.**  
**WITH SUMMARIZED PRIOR YEAR INFORMATION**  
**LEESBURG, FLORIDA**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>	<b>2023</b>
Accounting	\$ 24,161	\$ 1,593	\$ 796	\$ 26,550	\$ 15,400
Event Rentals	-	-	2,530	2,530	4,830
Insurance	24,689	1,628	814	27,131	13,456
Monthly Lease Storage	4,489	-	-	4,489	4,358
Meetings	227	-	-	227	181
Memberships	791	-	-	791	3,321
Occupancy	44,558	2,938	1,469	48,965	73,014
Office Supplies	22,846	1,506	753	25,105	17,179
Other	2,253	149	74	2,476	907
Personnel Wages and Payroll Related	1,175,928	77,534	38,767	1,292,229	1,082,166
Postage	804	53	27	884	1,634
Professional Fees	-	4,250	-	4,250	7,683
Program Supplies	9,622	-	-	9,622	11,761
Publications	1,423	-	-	1,423	1,742
Service Charges	1,921	127	63	2,111	6,717
Skeletal Bone Survey	1,124	-	-	1,124	3,191
Staff Recruitment	1,110	-	-	1,110	4,433
Subscriptions	3,203	-	-	3,203	1,852
Telecommunications	8,277	547	272	9,096	7,622
Travel	7,198	476	236	7,910	9,922
<b>Total Functional Expenses Before Depreciation</b>	<b>1,334,624</b>	<b>90,801</b>	<b>45,801</b>	<b>1,471,226</b>	<b>1,271,369</b>
<b>Depreciation</b>	<b>17,055</b>	<b>1,126</b>	<b>561</b>	<b>18,742</b>	<b>20,673</b>
<b>Total Functional Expenses</b>	<b>\$ 1,351,679</b>	<b>\$ 91,927</b>	<b>\$ 46,362</b>	<b>\$ 1,489,968</b>	<b>\$ 1,292,042</b>

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

**STATEMENT OF CASH FLOWS**  
**LAKE SUMTER CHILDREN'S ADVOCACY CENTER, INC.**  
**WITH SUMMARIZED PRIOR YEAR INFORMATION**  
**LEESBURG, FLORIDA**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>2024</u>	<u>2023</u>
<b>Cash Flows from Operating Activities</b>		
Cash Received from Unrestricted Donations	\$ 479,872	\$ 516,391
Cash Received from Restricted Donations	2,185	4,115
Cash Received from Fundraising	297,275	306,402
Cash Received from Grants	1,045,329	1,026,024
Cash Received from Program Services	71,400	100,300
Cash Received from Investments	55,620	42,268
Cash Disbursed for Salaries and Benefits	(1,286,490)	(1,076,597)
Cash Disbursed for Vendors and Suppliers	(178,997)	(189,203)
<b>Net Cash Provided by Operating Activities</b>	<u>486,194</u>	<u>729,700</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of Property and Equipment	(2,783)	(14,204)
Purchases of Investments	(1,995,039)	(2,174,411)
Proceeds from Sale of Investments	2,651,100	1,344,931
<b>Net Cash Used in Investing Activities</b>	<u>653,278</u>	<u>(843,684)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	1,139,472	(113,984)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>1,185,256</u>	<u>1,299,240</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 2,324,728</u>	<u>\$ 1,185,256</u>

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

**NOTES TO FINANCIAL STATEMENTS**  
**LAKE SUMTER CHILDREN'S ADVOCACY CENTER, INC.**  
**LEESBURG, FLORIDA**

**Note 1 Summary of Significant Accounting Policies**

**Nature of Activities**

Lake Sumter Children's Advocacy Center, Inc. (the Center) is a non-profit organization incorporated under the laws of the State of Florida in 1997. The nature of the Center provides counseling services to children who have been victims of crime and to investigate reports of child abuse in Lake and Sumter Counties. The Center's primary revenue sources are donations and grants. The Center is exempt from income taxes as an organization described in section 501(c)(3) of the Internal Revenue Code (IRC).

**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP). The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Center and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions*—Net assets that are not subject to donor-imposed stipulations. Assets restricted solely through actions of the Board of Directors (the Board) are reported as net assets without donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.
- *Net Assets With Donor Restrictions*—Net assets that are subject to donor-imposed stipulations. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that are restricted by a donor that the assets be maintained permanently by the Center. Generally, the donors of these assets permit the Center to use all or part of the income earned on any related investments for general or specific purposes.

**Cash and Cash Equivalents**

Cash and cash equivalents as of June 30, 2024, equals \$2,324,728. For purposes of the statement of cash flows, the Center considers all financial institution deposits and money market accounts with an original maturity date of three months or less to be cash. The Center had \$314,871 in excess of Federal Deposit Insurance Corporation insurance limits as of June 30, 2024.

Cash deposits and money market accounts at financial institutions totaled \$1,134,202. Cash equivalents consist of cash sweeps held in a brokerage account, which totaled \$1,190,526 as of June 30, 2024.

**Grants and Accounts Receivable**

Grants and accounts receivable consist of balances due from various grantor agencies and local governments for services provided to minors and amounts due from a grant contract. An allowance for doubtful accounts is recorded when management has determined a receivable is at risk of uncollectibility. Management does not believe any receivable balances are at risk of uncollectibility as of June 30, 2024.

**NOTES TO FINANCIAL STATEMENTS**  
**LAKE SUMTER CHILDREN'S ADVOCACY CENTER, INC.**  
**LEESBURG, FLORIDA**

**Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the Statement of Activities.

Restricted investments are considered to be those investments that have been endowed by the donors.

**Property and Equipment**

Land, building, furniture, equipment, and software are recorded at cost on the date purchased or, in the case of donated items, at fair market value on the date received. The Center's policy is to capitalize property and equipment having an acquisition cost or donated fair market value of \$1,000 or more. Depreciation is computed on the straight-line basis over the expected useful lives of the assets. Ordinary maintenance and repair expenses are charged to expense as incurred. Property and equipment acquired with federal grants may be subject to regulations that require grantor agency approval to transfer, sell, or otherwise dispose of the assets.

**Revenue Recognition**

Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

The Center receives a fixed amount for all medical exams provided to clients and is reimbursed by Sumter and Lake Counties and the office of the Attorney General. The amount is considered a program service and reimbursement occurs at the time of the submission to the local government or granting agency.

**In-Kind Revenue and Expenses**

Revenues and expenses from in-kind contributions are recognized as received based on their fair market value. Volunteers have donated time to the Center's programs and fundraising efforts. No amounts have been included in the financial statements for donated program services since no objective basis is available to measure the value of such services.

**Functional Expense**

The cost of providing various programs and other activities has been summarized on a functional basis on the Statement of Activities. Accordingly, certain costs have been allocated among the programs, supporting services, and fundraising. These allocations were computed based on estimated time spent on the functions.

**NOTES TO FINANCIAL STATEMENTS**  
**LAKE SUMTER CHILDREN'S ADVOCACY CENTER, INC.**  
**LEESBURG, FLORIDA**

**Use of Estimates**

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

**Reclassifications**

Certain reclassifications have been made to present last year's financial statements on a basis comparable to the current year's financial statements. These reclassifications had no effect on the change in net assets or total net assets.

**Income Taxes**

The Center is a not-for-profit organization exempt from income taxes under section 501(c)(3) of the IRC. The Center has been classified as an organization other than a private foundation under the IRC.

The Center's Form 990, Return of Organization Exempt from Income Tax, is subject to examination by the Internal Revenue Service, generally for three years after filing.

**Comparative Financial Information**

The financial information for the year ended June 30, 2023, presented for comparative purposes, is not intended to be a complete financial statement presentation.

**Adoption of a New Accounting Standard**

The Center adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13 or ASC 326). ASU 2016-13 revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. Adoption of the new standard did not materially impact the Center's financial statements.

**Subsequent Events**

The Center has evaluated subsequent events through November 21, 2024, the date the financial statements were available to be issued.

**Note 2 - Grants Receivable**

Amounts awarded but not received as of June 30, 2024, under grants are as follows:

Florida Department of Health	\$	57,072
Florida Victims of Crime Act		35,073
Florida Office of State Court Administration		<u>77,388</u>
<b>Total Grants Receivable</b>	\$	<u><u>169,533</u></u>

**NOTES TO FINANCIAL STATEMENTS**  
**LAKE SUMTER CHILDREN'S ADVOCACY CENTER, INC.**  
**LEESBURG, FLORIDA**

**Note 3 - Investments**

Investments are reported at fair value and consist of the following as of June 30, 2024:

Stocks, Options, and EFTs	\$	1,989,549
Fixed Income Securities		585,946
<b>Total Investments</b>	<b>\$</b>	<b><u><u>2,575,495</u></u></b>

Interest, dividends, capital gains/losses distributions, and realized gains/losses are reported when received. Total interest and dividend income for the year ended June 30, 2024, was \$55,620. Unrealized holding gains, net was \$339,309 for the year ended June 30, 2024.

**Note 4 - Fair Value Measurements**

The Fair Value Measurements and Disclosures Topic of the FASB *Accounting Standards Codification* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under this topic are described below:

**Level 1:** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Center has the ability to access.

**Level 2:** Inputs to the valuation methodology include:

- a. Quoted prices for similar assets or liabilities in active markets.
- b. Quoted prices for identical or similar assets or liabilities in inactive markets.
- c. Inputs other than quoted prices that are observable for the asset or liability.
- d. Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- e. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

**Level 3:** Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair values of assets measured on a recurring basis as of June 30, 2024, are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Stocks, Options, and ETFs	\$ 1,989,549	\$ 1,989,549	\$ -	\$ -
Fixed Income Securities	585,946	585,946	-	-
<b>Total Investments</b>	<b><u><u>\$ 2,575,495</u></u></b>	<b><u><u>\$ 2,575,495</u></u></b>	<b><u><u>\$ -</u></u></b>	<b><u><u>\$ -</u></u></b>

**NOTES TO FINANCIAL STATEMENTS**  
**LAKE SUMTER CHILDREN'S ADVOCACY CENTER, INC.**  
**LEESBURG, FLORIDA**

**Note 5 - Property and Equipment**

Property and equipment consists of the following as of June 30, 2024:

	<b>Depreciable Life</b>	<b>Historic Cost</b>
Building	10 - 40 Years	\$ 445,155
Furniture, Equipment, and Software	3 - 15 Years	157,319
Less: Accumulated Depreciation		(363,490)
		248,985
Land		172,113
<b>Net Property and Equipment</b>		<b>\$ 411,057</b>

Depreciation expense for the year ended June 30, 2024, was \$18,742.

**Note 6 - Accrued Leave**

Employees of the Center are entitled to paid vacation after completing six months of employment. Paid vacation is earned based on length of service with the Center as follows:

<b>Tenure of Employment</b>	<b>Paid Vacation/Annum</b>
Year 1 to 3 Years	10 Days
3 Years to 9 Years	15 Days
10 or More Years	20 Days

The Center also provides paid sick leave to employees. Full-time employees accrue four hours of sick time per pay period, or twelve paid sick days per year, from the date of hire. Part-time employees accrue prorated sick leave time based upon hours worked per pay period. The maximum accumulation of sick leave shall be forty-five days and is not payable upon termination.

Total accrued leave was \$26,070 as of June 30, 2024.

**Note 7 - Net Assets With Donor Restrictions**

Net assets with donor restrictions consist of an Endowment fund established to support the Center's general operations and programs. Contributions to the Samuel Lewis Hewitt Fund are subject to donor restrictions that stipulate the original principal of the gift is to be held and invested by the Center indefinitely and income from the fund is to be expended for the Center's general operations and programs. The Center has permanent ownership of the principal portion and in the event of dissolution, the Center will disburse the funds to another 501(c)(3). The recorded amount represents the fair value of the principal portion. The Center considers all investment earnings, including investment gains and losses, unrestricted and available for current operations.

The Center has adopted investment and spending policies for net assets with donor restrictions that attempt to subject the funds to low investment risk and provide the Center with current income. The Center seeks to build the Endowment assets through additional contributions. Contributions with donor restrictions were \$2,185 for the year ended June 30, 2024.

**NOTES TO FINANCIAL STATEMENTS**  
**LAKE SUMTER CHILDREN'S ADVOCACY CENTER, INC.**  
**LEESBURG, FLORIDA**

■ **Interpretation of Relevant Law**

The Board has interpreted the State of Florida's *Uniform Prudent Management of Institutional Funds Act* (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Center classifies as net assets with donor restrictions: (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Net assets are appropriated for expenditure by the Center in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the Center and donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Center, and (7) the Center's investment policies.

**Investment Return Objectives, Risk Parameters, and Strategies**

In accordance with the investment policy, the objectives of the fund are to create growth while enabling an annual drawdown. Long-term total return is more important than short-term results.

**Spending Policy**

The Center has adopted a discretionary spending policy to be applied to its endowment funds, which is within prudent limits as outlined in UPMIFA. The Board can determine each year how much to distribute from its designated endowment to use for its current operating purposes. This policy enables the Center to preserve and strengthen its endowment for the future.

**Investment Return**

Investment return is accumulated in net assets with donor restrictions until appropriated for expenditures.

**Note 8 - Concentration of Support**

Approximately 46% of the Center's total support for the year ended June 30, 2024, was provided by various grants either appropriated by or passed through the State of Florida. Future revenue remains dependent on continued budgetary allocations by the State of Florida.

**Note 9 - Retirement Benefits**

The Center does not sponsor a retirement plan for its employees. Rather, those employees who wish to participate and have worked for a year become eligible for a contribution by the Center to their Simple IRAs. The Center contributes 3% of the employee's salary. Total contributions were \$11,294 for the year ended June 30, 2024.

**Note 10 - Rental Agreement**

The Center rents storage space with monthly terms. Lease expense was \$4,489 for the year ended June 30, 2024.

**NOTES TO FINANCIAL STATEMENTS**  
**LAKE SUMTER CHILDREN'S ADVOCACY CENTER, INC.**  
**LEESBURG, FLORIDA**

**Note 11 - Liquidity**

The following reflects the Center's financial assets as of June 30, 2024, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of June 30, 2024:

<b>Financial Assets at Year-End*</b>	\$ 5,079,856
Less Those Unavailable for Financial Expenditures Within One Year Due to Contractual or Donor- Imposed Restrictions:	
Donor Restricted Investment	<u>(437,622)</u>
<b>Financial Assets Available for Financial Expenditures Within One Year</b>	<u><u>\$ 4,642,234</u></u>

\*Total assets, less non-financial assets (i.e., property and equipment and deposits).

**Note 12 - Commitments**

Amounts received from grantor agencies are subject to audit and adjustments by the grantor agency. Any disallowed costs, including amounts already collected, may constitute a liability for the Center. There are no current contingencies or commitments for the Centers.

**ADDITIONAL ELEMENTS OF REPORT PREPARED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* AND BY THE  
*RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA***

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

To the Board of Directors  
Lake Sumter Children's Advocacy Center, Inc.

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 Lake Sumter Children's Advocacy Center, Inc. (the Center), a not-for-profit organization, which comprise the statement of financial position as of June 30, 2024, the related statements of activities, statement of functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 21, 2024.

**Report on Internal Control Over Financial Reporting**

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material

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To the Board of Directors  
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**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**

effect on the of financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of the 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 Center'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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



November 21, 2024  
Ocala, Florida

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2024  
LAKE SUMTER CHILDREN'S ADVOCACY CENTER - LEESBURG, FLORIDA**

<u>State Agency and Project Title</u>	<u>State CSFA Number</u>	<u>Contract Number</u>	<u>State Expenditures</u>
<b>State of Florida, Department of Legal Affairs and Attorney General</b>			
Florida Network of Children's Advocacy Centers	41.031	23/24-GR-CAC11	\$ <u>164,786</u>
<b>State of Florida, Department of Health</b>			
Medical Services for Abused And Neglected Children	64.006	CP1LS	<u>672,313</u>
<b>Total</b>			<u>\$ <u>837,099</u></u>

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY CHAPTER 10.650,  
RULES OF THE AUDITOR GENERAL**

To the Board of Directors  
Lake Sumter Children's Advocacy Center, Inc.

## **Report on Compliance for Each Major State Project**

### ***Opinion on Each Major State Project***

We have audited Lake Sumter Children's Advocacy Center, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the Department of Financial Services' State Projects *Compliance Supplement* that could have a direct and material effect on each of Lake Sumter Children's Advocacy Center, Inc.'s major state projects for the year ended June 30, 2024. Lake Sumter Children's Advocacy Center, Inc.'s major state project is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Lake Sumter 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 its major state project for year ended June 30, 2024.

### ***Basis for Opinion on Each Major State Project***

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

We are required to be independent of Lake Sumter 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 state project. Our audit does not provide a legal determination Lake Sumter 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 Lake Sumter Children's Advocacy Center, Inc.'s state projects.

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To the Board of Directors  
Lake Sumter Children's Advocacy Center, Inc.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY CHAPTER 10.650,  
RULES OF THE AUDITOR GENERAL**

**Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Lake Sumter 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*, and Chapter 10.650, *Rules of the Auditor General* will always detect material non-compliance when it exists. The risk of not detecting material non-compliance 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. Non-compliance 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 Lake Sumter Children's Advocacy Center, Inc.'s, compliance with the requirements of each major 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 Auditor General*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material non-compliance, 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 Lake Sumter 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 Lake Sumter 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 Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of Lake Sumter 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, non-compliance 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

To the Board of Directors  
Lake Sumter Children's Advocacy Center, Inc.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY CHAPTER 10.650,  
RULES OF THE AUDITOR GENERAL**

combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance 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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.



November 21, 2024  
Ocala, Florida

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
STATE PROJECTS  
LAKE SUMTER CHILDREN'S ADVOCACY CENTER - LEESBURG, FLORIDA**

**Summary of Audit Results**

**Financial Statements**

Type of Audit Report Issued:	Unmodified Opinion
Internal Control Over Financial Reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Non-compliance material to financial statements noted?	No

**State Projects**

Internal Control Over Major Projects:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Type of Audit Report Issued on Compliance for Major Projects:	Unmodified Opinion
Any audit findings disclosed that are required to be reported in accordance with 10.650 for non-profit and for-profit organizations?	No
Identification of Major Projects:	
State of Florida, Department of Health	Medical Services for Abused and Neglected Children; State CSFA No. 64.006
Dollar Threshold Used to Distinguish Between Type A and Type B Programs – State Projects	\$300,000

**Other Issues**

- A. No summary schedule of prior audit findings is required because there were no prior audit findings related to state projects.
- B. No Management Letter has been included in the report because no findings or comments were noted pursuant to Chapter 10.650, *Rules of the Auditor General*.

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Board of Directors  
Lake Sumter Children’s Advocacy Center, Inc.  
Leesburg, Florida

We have audited the financial statements of Lake Sumter Children’s Advocacy Center, Inc. (the Center) for the year ended June 30, 2024, and have issued our report thereon dated November 21, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.650, *Rules of the Auditor General* of the State of Florida, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated October 1, 2024. Professional standards also require that we communicate to you the following information related to our audit.

## **Significant Audit Matters**

### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Center are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2024. We noted no transactions entered into by the Center during the year for which there is a lack of authoritative guidance or consensus.

### *New Accounting Standard*

- The Center adopted the provisions of Financial Accounting Standards Board Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments* (ASU 2016-13 or ASC 326). ASU 2016-13 revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. Adoption of the new standard did not materially impact the Center’s financial statements.

All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management’s estimate of the collectability of accounts and grants receivable is based on both known and historical collections. We evaluated the key factors and assumptions used to develop the collectability of accounts receivable in determining that it is reasonable in relation to the financial statements taken as a whole.

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Leesburg, Florida

- Management's estimation for the useful lives of assets is based on known and estimated useful lives and other industry standards.
- Management's estimations of the fair value of investments is based on quoted market valuations provided by third parties.

The financial statement disclosures are neutral, consistent, and clear.

#### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

#### **Disagreements with Management**

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated November 21, 2024.

#### **Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Center's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### **Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Center's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

#### **Endowment Fund Accounting**

As discussed in Note 7, the Center holds the Samuel Lewis Hewitt Fund as an Endowment Fund that is listed in the financial statements as "with donor restrictions". There is limited information on the specific use of the fund other than the stipulation that the original principal of the gift is to be held and invested by the Center indefinitely and income from the fund is to be expended for the Center's general operations and programs.

Board of Directors  
Lake Sumter Children's Advocacy Center, Inc.  
Leesburg, Florida

The Endowment's fund balance as of June 30, 2024, is \$437,622 and is held in an investment account with unrestricted investments whose total balance is \$2,575,495. Currently, the Center is considering all investment earnings for the entire investment portfolio to be unrestricted and able to be used for operations. Any new contributions to the endowment fund is added to the principal.

Additionally, Florida Statutes, under the Florida Prudent Management Law, directs organizations to develop a spending policy for endowment investments that describes how the endowed investments are to be protected and managed. The Law allows for the use of a certain amount of the principal to be used administratively or for other operational purposes.

We recommend that management and the Board of Directors develop a formal written Endowment spending policy that addresses the Florida Prudent Management Law.

**Other Matters**

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of the Center and is not intended to be, and should not be, used by anyone other than these specified parties.



November 21, 2024  
Ocala, Florida