

GULF COAST CHILDREN'S ADVOCACY CENTER, INC.

PANAMA CITY, FLORIDA

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

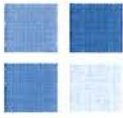
GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
PANAMA CITY, FLORIDA
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

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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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 23, 2023, 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 & Crastain

Panama City, Florida
June 23, 2023

GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS

Current Assets:

Cash and cash equivalents	\$ 1,000,019
Contracts and grants receivable	1,621,262
Other receivables	11,277
Prepaid expenses	99,772
Unconditional promises to give	2,218
Total current assets	2,734,548

Property and Equipment:

Land	576,015
Construction in progress - Marianna	143,748
Buildings	3,247,217
Building improvements	108,486
Furniture and equipment	949,128
Automobiles	185,514
	5,210,108
Less accumulated depreciation	(1,481,546)
Net property and equipment	3,728,562

Other Assets:

Loan fees, net of amortization	15,982
Right-of-use assets - operating leases, net	2,203,522
Deposits	23,597
Total other assets	2,243,101

Total Assets	\$ 8,706,211
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable and accrued expenses	\$ 60,453
Bay County Commissioners advance	1,706,765
Refundable advances - grants	333,288
Deferred revenue - fundraisers	9,600
Line of credit	91
Current portion of operating lease liabilities	459,182
Current maturities of notes payable	50,367
Total current liabilities	2,619,746

Other Liabilities:

Operating lease liabilities, less current portion	1,757,233
Notes payable, less current maturities	1,071,217
Total other liabilities	2,828,450

Total liabilities	5,448,196
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Net Assets:

With donor restrictions	264,678
Without donor restrictions	2,993,337
Total net assets	3,258,015

Total Liabilities and Net Assets	\$ 8,706,211
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See independent auditor's report and the accompanying notes.

GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and other support:			
Contributions	\$ 255,929	\$ 307,960	\$ 563,889
In-kind contributions	98,214		98,214
Contracts and grants	7,713,158		7,713,158
Administration fees	141,340		141,340
United Way allocations	27,583		27,583
Interest income	31,731		31,731
Reimbursements	267,215		267,215
Building rent	38,247		38,247
Special events	395,275		395,275
Employee retention credit	597,782		597,782
Miscellaneous	11,110		11,110
Net assets released from restrictions	74,482	(74,482)	0
Total revenues and other support	<u>9,652,066</u>	<u>233,478</u>	<u>9,885,544</u>
Expenses:			
Program services -			
Community Outreach Program	585,126		585,126
Child Protection Team	1,041,682		1,041,682
Healthy Start	589,151		589,151
Parents as Teachers	277,074		277,074
Sexual Assault Program	1,219,326		1,219,326
Therapy Program	2,215,454		2,215,454
Victim Advocacy	1,040,543		1,040,543
Victim Services	792,786		792,786
Supporting services -			
General and administrative	1,338,615		1,338,615
Fundraising	247,260		247,260
Total expenses	<u>9,347,017</u>	<u>0</u>	<u>9,347,017</u>
Increase in Net Assets	305,049	233,478	538,527
Net Assets:			
Net assets, beginning of year	<u>2,688,288</u>	<u>31,200</u>	<u>2,719,488</u>
Net assets, end of year	<u>\$ 2,993,337</u>	<u>\$ 264,678</u>	<u>\$ 3,258,015</u>

See independent auditor's report and the accompanying notes.

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GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program Services					
	Community Outreach Program	Child Protection Team	Healthy Start	Parents as Teachers	Sexual Assault Program	Therapy Program
Accounting, auditing, and professional fees	\$ 4,078	\$ 12,498	\$ 7,504	\$ 1,763	\$ 10,643	\$ 19,670
Administration fees	6,716	4,900	51,298	18,321	13,479	42,188
Advertising	68	667	603		4,226	396
Advocacy/Awareness expense			380		64,943	125
Amortization expense						
Bad debt expense						
Depreciation						
Direct client care	108		1,768	16,521	4,035	107,380
Dues and subscriptions	140	140	255	790	688	7,580
Employee benefits	45,025	51,327	38,658	10,743	69,131	123,218
Employee/Board related expenses	747	2,129	1,158	2,020	5,911	1,058
Insurance	4,497	8,999	3,646	1,685	6,002	10,703
Interest						
Janitorial	235	23,813	8,785	1,664	6,664	35,055
Landscape supplies		5,004	193			2,892
Medical services and supplies	477	49,046	18,580	24,626	56,103	13,530
Miscellaneous	383	269	15		2,290	117
Office expense	1,058	4,562	3,954	2,546	26,586	22,621
Operating lease cost	45,254	62,880	21,124	4,411	134,094	110,170
Repairs and maintenance		4,964	66		1,090	5,383
Retirement	12,519	23,343	10,293	5,111	15,483	38,664
Salaries and related expenses	444,360	741,976	390,018	175,550	726,038	1,506,859
Special events						
Taxes and licenses		265	102			269
Telephone	5,047	9,439	6,527	1,703	14,514	20,064
Training	2,952	11,118	12,238	6,854	17,972	106,941
Travel	11,048	10,653	9,026	2,261	30,192	23,889
Utilities	414	13,690	2,960	505	9,242	16,682
Total expenses	\$ 585,126	\$ 1,041,682	\$ 589,151	\$ 277,074	\$ 1,219,326	\$ 2,215,454

Program Services			Supporting Services		
Victim Advocacy	Victim Services	Total Program Services	General and Administrative	Fundraising	Total
\$ 9,263	\$ 27,094	\$ 92,513	\$ 179,539		\$ 272,052
		136,902	4,438		141,340
1,226	328	7,514	2,915		10,429
4,129	283	69,860	159,603		229,463
		-	1,022		1,022
		-	1,736		1,736
		-	210,429		210,429
3,420	5,888	139,120	11,004		150,124
153	14,522	24,268	30,146		54,414
75,830	59,234	473,166	51,785		524,951
2,318	1,101	16,442	38,132		54,574
7,698	5,484	48,714	56,513		105,227
		-	53,387		53,387
15,147	1,128	92,491	9,121		101,612
4,518	2,151	14,758	7,299		22,057
417	1,307	164,086	11,125		175,211
58	1,396	4,528	10,103		14,631
3,371	7,149	71,847	22,790		94,637
19,886	63,206	461,025	20,360		481,385
3,671	237	15,411	7,143		22,554
22,282	11,880	139,575	11,396		150,971
829,097	569,543	5,383,441	360,727	\$ 19,892	5,764,060
		-		227,368	227,368
		636	2,123		2,759
15,477	6,672	79,443	6,251		85,694
8,708	10,994	177,777	38,446		216,223
5,794	1,272	94,135	18,761		112,896
8,080	1,917	53,490	12,321		65,811
<u>\$ 1,040,543</u>	<u>\$ 792,786</u>	<u>\$ 7,761,142</u>	<u>\$ 1,338,615</u>	<u>\$ 247,260</u>	<u>\$ 9,347,017</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, 2022

Cash Flows From Operating Activities:	
Cash received from contracts and grants	\$ 7,358,377
Cash received from contributions	563,889
Cash received from United Way	9,401
Cash received from Employee Retention Credit	597,782
Cash received from other operating receipts	825,949
Interest received	31,731
Interest paid	(53,387)
Cash paid to suppliers and employees	(9,103,992)
Net cash provided by operating activities	<u>229,750</u>
Cash Flows From Investing Activities:	
Purchases of property and equipment	(92,489)
Net cash used in investing activities	<u>(92,489)</u>
Cash Flows From Financing Activities:	
Advances from Bay County	2,133,463
Repayments on Bay County Advances	(1,493,441)
Proceeds from Line of Credit	75,090
Repayments on Line of Credit	(75,000)
Payments on notes payable	(52,541)
Net cash provided by financing activities	<u>587,571</u>
Net Increase in Cash and Cash Equivalents	724,832
Cash and cash equivalents, beginning of year	<u>275,187</u>
Cash and cash equivalents, end of year	<u>\$ 1,000,019</u>
Reconciliation of change in net assets to net cash provided by operating activities -	
Change in net assets	<u>\$ 538,527</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	210,429
Amortization	1,022
Amortization of operating lease right of use assets	314,292
In-kind contributions - capital assets	
(Increase) decrease in assets -	
Contracts and grants receivable	(388,268)
Other receivables	(9,685)
Prepaid expenses	(73,213)
Unconditional promises to give	3,575
Deposits	(14,812)
Increase (decrease) in liabilities -	
Accounts payable and accrued expenses	(43,389)
Refundable advances - grants	15,471
Deferred revenue - fundraisers	(22,800)
Operating lease liabilities	(301,399)
Total adjustments	<u>(308,777)</u>
Net cash provided by operating activities	<u>\$ 229,750</u>

See independent auditor's report and the accompanying notes.

GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 and Grants Receivable

The Organization reports contracts and grants receivable at net realizable value. 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, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2022 was \$210,429.

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) is 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.

Revenue Recognition – Grants and Contributions

Grants. Most of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the expenditures have been incurred in compliance with specific contract or grant provisions. The Organization reports unearned grant revenues to the extent that funding is received before allowable costs are incurred and are reported as refundable advances in the statement of financial position. When costs are incurred before reimbursement is made, the Organization records grants receivable.

GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition – Grants and Contributions (Continued)

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.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs incurred during the year ended December 31, 2022 were \$10,429.

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.

GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2022. 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.

Right-of-use Assets and Lease Liabilities

Effective January 1, 2022, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 842, Leases, using the modified retrospective transition method. 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. There was no cumulative effect adjustment to the Organization's accumulated earnings as a result of the adoption of this standard.

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.

GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Right-of-use Assets and Lease Liabilities (Continued)

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 has elected to use the practical expedient package to carryforward the operating classification from ASC 840 and carryforward previously capitalized initial direct costs under ASC 840, 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. The Organization has not elected the hindsight practical expedient.

NOTE 3 – 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, 2022, 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.

Financial assets at year-end:

	<u>2022</u>
Cash and cash equivalents	\$ 1,000,019
Contracts and grants receivable	1,621,262
Other receivables	11,277
Unconditional promises to give	<u>2,218</u>
Total financial assets at year-end	<u>\$ 2,634,776</u>

GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 – LIQUIDITY AND AVAILABILITY (Continued)

Financial assets available to meet general expenditures within one year:

	2022
Financial assets at year-end	\$ 2,634,776
Donor-imposed contributions	
Restricted by donor with purpose restrictions	
Capital Campaign	(250,000)
Covered in Grace Blankets	(1,250)
Holiday Hopes – Christmas gifts for victims	(3,241)
Hurricane Relief	(2,254)
Intercept Training	(6,000)
Other	(1,933)
Total financial assets available to meet cash needs for general expenditures within one year	\$ 2,370,098

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 10). 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).

NOTE 4 – CONTRACTS AND GRANTS RECEIVABLE

Contracts and grants receivable at December 31, 2022 consist of the following:

Bay District Schools (COP)	\$ 5,597
Bay, Franklin, Gulf Healthy Start Coalition, Inc.	113,879
Child Protection Teams	122,550
Department of Corrections	11,384
Florida Coalition of Healthy Start	13,160
Florida Council Against Sexual Violence	193,475
Florida Network for Children's Advocacy Centers	32,552
Northwest Florida Health Network (PCIT)	49,708
Other	42,000
Sexual Abuse Treatment Program (SATP)/Therapy	6,999
Victims of Crime Act (VOCA) Grant	1,029,958
Total contracts and grants receivable	\$ 1,621,262

GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 5 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to Give consist of the following:

	2022
United Way	\$ 2,218

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, 2022, the Organization received funding of \$2,133,463 and made payments of \$1,493,441 and the balance at year end was \$1,706,765.

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 \$75,091 and payments of \$75,000 during 2022, and the balance at December 31, 2022 was \$91.

NOTE 9 – CONCENTRATIONS AND CREDIT RISKS

The Organization received 84% 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. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2022, the Organization had uninsured cash balances of \$479,944.

GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 10 – NOTES PAYABLE

Notes payable are summarized as follows:

	As of December 31, 2022	
	Due in One Year	Due After One Year
Note payable, interest at 4.375% until repricing in Jan 2023 due in variable monthly installments, collateralized by building, matures January 2038.	\$ 38,325	\$ 825,296
Note payable, interest at 5.5% until repricing in Sept 2024, due in variable monthly installments, collateralized by building, matures September 2039.	12,042	245,921
Total	\$ 50,367	\$ 1,071,217

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

2023	\$ 50,367
2024	52,110
2025	53,350
2026	56,310
2027	59,434
Thereafter	850,013
Total	\$ 1,121,584

NOTE 11 – SUPPLEMENTARY DISCLOSURES OF CASH FLOWS INFORMATION

Cash paid during the year 2022 for:

Interest	\$ 53,387
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GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 12– NET ASSETS

Net Assets With Donor Restrictions:

As of December 31, 2022 net assets with donor restrictions of \$264,678, are restricted for the following purposes:

	2022
Capital Campaign	\$ 250,000
Covered in Grace Blankets	1,250
Holiday Hopes – Christmas gifts for victims	3,241
Hurricane Relief	2,254
Intercept Training	6,000
Other	1,933
	\$ 264,678

Net Assets Without Donor Restrictions:

As of December 31, 2022, all other net assets were considered to be net assets without donor restrictions.

NOTE 13 – 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, 2022, the monthly rental income was \$1,830 for January and \$1,884 for February through December.

The components of operating lease income for the year ended December 31, 2022 were as follows:

Operating lease income:	
Fixed lease revenue	\$ 22,559
Non lease rental revenue	15,688
Total rental revenue	38,247

Property and equipment under operating leases as lessor:

As of December 31, 2022, 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, 2022

NOTE 13 – LEASES – LESSORS (Continued)

Maturity analysis of lease payments as lessor:

As of December 31, 2022, 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,		
2023	\$	23,239
2024		23,938
2025		23,997
2026		23,997
2027		<u>2,000</u>
Total undiscounted cash flows	\$	<u>97,171</u>

NOTE 14 – LEASES – LESSEES

The Organization leases office space under 15 operating lease agreements and leases storage unit space under four 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 four office space 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, 2022:

	<u>2022</u>
Operating lease right-of-use assets, net	\$ <u>2,203,522</u>
Current maturities of operating lease liabilities	\$ 459,182
Operating lease liabilities, net of current maturities	<u>1,757,233</u>
Total operating lease liabilities	\$ <u>2,216,415</u>

GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 14 – LEASES – LESSEES (Continued)

The components of total lease cost in the statement of functional expenses for the year ended December 31, 2022, were as follows:

Operating lease cost	\$ 332,088
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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	\$ 54,593
Short-term lease cost	42,633
Other lease cost	<u>52,071</u>
	<u>149,297</u>
Total lease cost	<u>\$ 481,385</u>

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

	2022
Weighted Average Remaining Lease Term:	
Operating leases	5.96 years
Weighted Average Discount Rate:	
Operating leases	2.57 %

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,	
2023	\$ 509,315
2024	500,699
2025	394,329
2026	277,527
2027	203,149
Thereafter	<u>540,610</u>
Total minimum lease payments	2,425,629
Less: amount representing interest	<u>(209,214)</u>
Present value of operating lease liabilities	2,216,415
Less: current maturities of operating lease liabilities	<u>(459,182)</u>
Remaining balance of operating lease liabilities	<u>\$ 1,757,233</u>

GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 14 – LEASES – LESSEES (Continued)

Supplemental cash flow information:

Cash paid for operating lease liabilities	\$ 319,194
ROU assets obtained in exchange for lease obligations	\$ 2,517,814
Reductions to ROU assets resulting from reductions to Operating lease obligations	\$ 301,399

NOTE 15 – 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. For the year ended December 31, 2022, employer contributions to the 403(b)-pension plan were \$38,049.

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, 2022, employer contributions were \$112,922.

For the year ended December 31, 2022, total employer contributions to employee pension plans were \$150,971.

NOTE 16 – CONTRIBUTED NONFINANCIAL ASSETS

For the year ended December 31, 2022, contributed nonfinancial assets recognized within the statement of activities included, by program/function:

	<u>2022</u>
General:	
Audit	\$ 13,159
Employee Assistance Program Therapy	2,660
Healthy Start:	
Radio broadcasting	840
Victim Advocacy/SART:	
Digital billboard advertising	<u>81,555</u>
	<u>\$ 98,214</u>

GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 17 – 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, occupancy, and audit fees, 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. Occupancy costs are allocated based on square footage use of each building and/or location. The audit fees are allocated to programs based on a percentage of total expenditures.

NOTE 18 – RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which provides guidance for accounting for leases. The new guidance requires entities to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. The ASU is effective for the Organization beginning in 2022. There have been several updates to Topic 842 that could also have an effect on the Organization through the following ASUs: 2018-10, *Codification Improvements to Topic 842, Leases*, 2018-11 *Targeted Improvements*, 2018-20 *Narrow-Scope Improvements for Lessors*, 2019-01 *Codification Improvements*, and 2021-05 *Lessors – Certain Leases with Variable Lease Payments*. The Organization has adopted and implemented the new standard effective January 1, 2022. See Note 13 and 14.

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this ASU address certain concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. Contribution revenue may be presented in the financial statements using different terms (for example, gifts, donations, grants, gifts-in-kind, donated services, or other terms). The term nonfinancial asset includes fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The amendments in this ASU will improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets for NFPs, including additional disclosure requirements for recognized contributed services. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021. The amendments will not change the recognition and measurement requirements for those contributed nonfinancial assets. The Organization has adopted and implemented the new standard effective January 1, 2022. See Note 16.

GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 19 – 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. The Organization qualified for ERC under the CARES Act. During the year ended December 31, 2022, the Organization received and recorded \$597,782 related to the ERC as seen on the statement of activities.

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 20 – SUBSEQUENT EVENTS

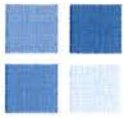
Line of Credit

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 has a fixed interest rate of 4.34% and requires monthly interest-only payments during the 12-month term. The line of credit matures on February 8, 2024 and is secured by a matching \$905,100 certificate of deposit.

Construction Commitments

Subsequent to year end, construction on the new Marianna office building commenced with the old building completely demolished and new building construction in progress. As of the date of these financial statements, the Organization has incurred costs of approximately \$320,024 relating to the demolition and construction of the Marianna office building. The total estimated cost to date includes construction in progress of \$143,748 recorded on the statement of financial position at December 31, 2022.

The Organization has evaluated subsequent events requiring disclosure or recording in these financial statements through June 23, 2023, 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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 23, 2023.

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

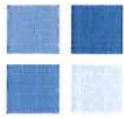
Government Auditing Standards requires the auditor to perform limited procedures on Gulf Coast Children's Advocacy Center, Inc.'s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Gulf Coast Children's Advocacy Center, Inc.'s 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, Morler, Garner & Chastain

Panama City, Florida
June 23, 2023



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, 2022. 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, 2022.

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 23, 2023

**GULF COAST CHILDREN'S ADVOCACY CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2022**

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

Dollar threshold for distinguishing between Type A and Type B projects was \$357,415 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, 2022**

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

2021-001 Incomplete Schedule of Expenditures of Federal Awards and State Financial Assistance

Condition: The Organization’s management did not have adequate internal control procedures in place over the preparation of the SEFASFA. There were amounts reported in the schedule that did not reconcile to the financial records. Several grant contract periods with current year expenditures were excluded from the initial SEFASFA in error. The Organization has since made revisions and the federal awards and state assistance are properly presented in both the financial statements as well as the SEFASFA.

Recommendation: The Organization must design and implement effective internal control procedures to ensure the SEFASFA is free from material misstatements.

Current Status: Additional accounting positions were added to the Organization’s team to assist with volume. New staff have gained the experience to better prepare for audits and expectations. Additional policies have been written and implemented to ensure monthly close out procedures include reconciliation of each grant/contract’s expenditures to ensure timely and accurate preparation of the SEFASFA. For the year ended December 31, 2022, the Organization designed and implemented effective internal control procedures to ensure the SEFASFA was properly prepared and free from material misstatements.

**GULF COAST CHILDREN’S ADVOCACY CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2022**

D. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (Continued)

2021-002 Material Audit Adjustments

Condition: The Organization’s management did not have adequate internal control procedures in place over the preparation of the financial statements. During the audit, material misstatements of the financial statements were found resulting in multiple audit adjustments, mostly related to the proper recognition of grant revenue.

Recommendation: The Organization must design and implement effective internal control procedures to ensure the financial statements are free from material misstatements.

Current Status: Additional accounting positions were added to the Organization’s team to assist with volume. New staff have gained the experience to better prepare for audits and expectations. Additional policies have been written and implemented to ensure monthly close out procedures include reconciliation of each grant/contract’s expenditures to revenue to ensure timely and accurate preparation of the financial statements. For the year ended December 31, 2022, the Organization improved its design and implementation of effective internal control procedures to ensure the financial statements were free from material misstatements.

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, 2022

Federal/State Agency Pass-through Entity Federal Program/State Project	CFDA/ CSFA No.	Contract/ Grant No.	Total Expenditures
<u>Federal</u>			
U.S. Department of Justice			
Passed through Florida Office of Attorney General			
Victims of Crime Act	16.575 *	VOCA 2021-00730	\$ 3,514,935
Victims of Crime Act	16.575 *	VOCA 2022-00887	912,343
Victims of Crime Act	16.575 *	VOCA 2022-00317	113,920
Total U.S. Department of Justice			<u>4,541,198</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	200,138
Passed through Northwest Florida Health Network			
Disaster Response State Grant Program (Mental Health)	93.982	HM012	540,226
Disaster Response State Grant Program (Mental Health)	93.982	C0806	156,593
Passed through Florida Council Against Sexual Violence			
Prevention Health and Human Services	93.136	COHBO/21PHH25 (RPE)	7,197
Injury Prevention & Control Research & State & Community Based Prog	93.991	COHBO/21PHH25 (PHH)	28,979
Passed through Bay, Franklin, Gulf Healthy Start Coalition, Inc.			
Health Resources and Services Adm.	93.994	CACHS 18-19	77,967
Health Resources and Services Adm.	93.994	CACHS 22-23	50,729
Medicaid Assistance Payments	93.778 *	CACHS 18-19	265,568
Medicaid Assistance Payments	93.778 *	CACHS 22-23	221,529
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	X10MC39679	204,818
Passed through Florida Association of Healthy Start Coalitions, Inc.			
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	X10MC43574/X11MC45293	58,016
Total U.S. Department of Health and Human Service			<u>1,811,760</u>
Total Expenditures of Federal Awards			<u>\$ 6,352,958</u>
<u>State of Florida</u>			
Florida Department of Health			
Medical Services for Abused and Neglected Children (CPT)	64.006 *	CP12A	\$ 543,426
Medical Services for Abused and Neglected Children (SATP)	64.006 *	CP1PC	41,493
Total Florida Department of Health			<u>584,919</u>
Florida Council Against Sexual Violence			
Rape Crisis Centers (GR, GR+)	64.069	16TFGR25	245,471
Rape Crisis Program Trust Fund (TF)	64.061	16TFGR25	98,888
Total Florida Council Against Sexual Violence			<u>344,359</u>
Office of the Attorney General			
Passed through Florida Council Against Sexual Violence			
Rape Crisis Centers	41.010	21OAG25	14,124
Rape Crisis Centers	41.010	22OAG25	30,397
Passed through Florida Network for Children's Advocacy Centers, Inc.			
FL Network of Children Advocacy Centers	41.031	21/22 GR-CAC04	6,786
FL Network of Children Advocacy Centers	41.031	21/22 GR-CAC04 (CPT)	95,207
FL Network of Children Advocacy Centers	41.031	22/23 GR-CAC04	103,564
FL Network of Children Advocacy Centers	41.031	22/23 GR-CAC04 (CPT)	5,247
Total Office of the Attorney General			<u>255,325</u>
Florida Department of Children and Families			
Passed through Florida Network for Children's Advocacy Centers, Inc.			
DCF Trust Fund	60.124	21-22-DCF-CAC-04	3,222
DCF Trust Fund	60.124	22-23-DCF-CAC-04	3,548
Total Florida Department of Children and Families			<u>6,770</u>
Total Expenditures of State Financial Assistance			<u>\$ 1,191,373</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, 2022

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, 2022. 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.