

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS

A KID'S PLACE OF TAMPA BAY, INC. AND SUBSIDIARIES

June 30, 2018 and 2017

TABLE OF CONTENTS

Independent Auditors' Report	3 - 4
Consolidated Financial Statements	
Consolidated Statements of Financial Position	5
Consolidated Statements of Activities and Changes in Net Assets	6 - 7
Consolidated Statements of Cash Flows	8
Consolidated Statements of Functional Expenses	9 - 10
Notes to Consolidated Financial Statements	11 - 19
Supplementary Information	20
Schedule of Expenditures of Federal Awards	21 - 22
Notes to Schedule of Expenditures of Federal Awards	23
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	24 - 26
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required By Uniform Guidance	28 - 29
Schedule of Findings and Questioned Costs	30 - 31



RIVERO, GORDIMER & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
A Kid's Place of Tampa Bay, Inc. and Subsidiaries

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of A Kid's Place of Tampa Bay, Inc., a Florida not-for-profit corporation, and Subsidiaries (collectively, the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Member
American Institute of Certified Public Accountants
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Herman V. Lazzara Stephen G. Douglas
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Cesar J. Rivero, in Memoriam (1942-2017)

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of A Kid's Place of Tampa Bay, Inc. and Subsidiaries as of June 30, 2018 and 2017, and the consolidated changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the consolidated 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 consolidated 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 December 14, 2018, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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* in considering the Organization's internal control over financial reporting and compliance.



Tampa, Florida
December 14, 2018

A Kid's Place of Tampa Bay, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30,

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (notes A4 and G)	\$ 394,645	\$ 1,091,597
CBC receivable (note A5)	199,870	372,025
Contributions receivable (notes A6 and B)	74,504	96,124
Prepaid expenses	42,205	28,975
Other	17,300	19,255
Total current assets	728,524	1,607,976
LONG-TERM CONTRIBUTIONS RECEIVABLE, NET (notes A6 and B)	38,835	54,722
INVESTMENTS, long term (notes A7 and C)	997,613	-
BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS (notes A7, H and I)	319,111	310,803
LAND, BUILDINGS, AND EQUIPMENT, net of accumulated depreciation (note D)	4,203,087	4,214,927
TOTAL ASSETS	\$ 6,287,170	\$ 6,188,428
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 24,512	\$ 9,988
Accrued expenses	144,971	71,113
Total current liabilities	169,483	81,101
COMMITMENTS (note E)	-	-
Total liabilities	169,483	81,101
NET ASSETS (notes A2, G and H)		
Unrestricted	5,732,427	5,715,886
Temporarily restricted	85,260	91,441
Permanently restricted	300,000	300,000
Total net assets	6,117,687	6,107,327
TOTAL LIABILITIES AND NET ASSETS	\$ 6,287,170	\$ 6,188,428

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

A Kid's Place of Tampa Bay, Inc. and Subsidiaries

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and other support (note A11)				
Federal financial assistance	\$ 1,474,464	\$ -	\$ -	\$ 1,474,464
State of Florida financial assistance	936,511	-	-	936,511
Contributions	558,616	7,013	-	565,629
Special events, net of direct expenses of \$169,804	342,246	-	-	342,246
In-kind revenue (note A12)	119,922	-	-	119,922
Investment income (loss)	(1,711)	20,218	-	18,507
Net assets released from restrictions	33,412	(33,412)	-	-
Total revenue and other support	<u>3,463,460</u>	<u>(6,181)</u>	<u>-</u>	<u>3,457,279</u>
Expenses				
Program services	2,875,468	-	-	2,875,468
Supporting expenses				
Management and general	322,801	-	-	322,801
Fundraising	248,650	-	-	248,650
Total expenses	<u>3,446,919</u>	<u>-</u>	<u>-</u>	<u>3,446,919</u>
Change in net assets	16,541	(6,181)	-	10,360
Net assets at beginning of year	<u>5,715,886</u>	<u>91,441</u>	<u>300,000</u>	<u>6,107,327</u>
Net assets at end of year	<u>\$ 5,732,427</u>	<u>\$ 85,260</u>	<u>\$ 300,000</u>	<u>\$ 6,117,687</u>

The accompanying notes are an integral part of this consolidated statement.

A Kid's Place of Tampa Bay, Inc. and Subsidiaries

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and other support (note A10)				
Federal financial assistance	\$ 1,171,858	\$ -	\$ -	\$ 1,171,858
State of Florida financial assistance	1,145,880	-	-	1,145,880
Contributions	596,580	12,629	-	609,209
Special events, net of direct expenses of \$121,548	256,331	-	-	256,331
In-kind revenue (notes A11 and D)	79,825	-	-	79,825
Investment income (loss)	-	34,533	-	34,533
Net assets released from restrictions	<u>45,394</u>	<u>(45,394)</u>	<u>-</u>	<u>-</u>
Total revenue and other support	<u>3,295,868</u>	<u>1,768</u>	<u>-</u>	<u>3,297,636</u>
Expenses				
Program services	2,788,233	-	-	2,788,233
Supporting expenses				
Management and general	225,976	-	-	225,976
Fundraising	<u>240,884</u>	<u>-</u>	<u>-</u>	<u>240,884</u>
Total expenses	<u>3,255,093</u>	<u>-</u>	<u>-</u>	<u>3,255,093</u>
Change in net assets	40,775	1,768	-	42,543
Net assets at beginning of year	<u>5,675,111</u>	<u>89,673</u>	<u>300,000</u>	<u>6,064,784</u>
Net assets at end of year	<u>\$ 5,715,886</u>	<u>\$ 91,441</u>	<u>\$ 300,000</u>	<u>\$ 6,107,327</u>

The accompanying notes are an integral part of this consolidated statement.

A Kid's Place of Tampa Bay, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended June 30,

	2018	2017
Cash flows from operating activities		
Change in net assets	\$ 10,360	\$ 42,543
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	120,341	122,307
Unrealized loss on investments	1,711	-
Decrease in contributions receivable	37,507	91,181
Decrease (increase) in CBC receivable	172,155	(202,975)
Decrease (Increase) in other current assets	1,955	(1,869)
(Increase) decrease in prepaid expenses	(13,230)	12,870
Increase in accounts payable	14,524	1,275
Increase in accrued expenses	73,858	17,472
Total adjustments	408,821	40,261
Net cash provided by operating activities	419,181	82,804
Cash flows from investing activities		
Purchases of property and equipment	(108,501)	-
Purchase of investments, net	(999,324)	-
Decrease in beneficial interest in assets held by others	(8,308)	(22,907)
Net cash used in investing activities	(1,116,133)	(22,907)
Net (decrease) increase in cash and cash equivalents	(696,952)	59,897
Cash and cash equivalents at beginning of year	1,091,597	1,031,700
Cash and cash equivalents at end of year	\$ 394,645	\$ 1,091,597
Supplemental disclosures of cash flow information		
Cash paid during the year		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -

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

A Kid's Place of Tampa Bay, Inc. and Subsidiaries
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2018

	Program Services	Management and General	Fundraising	Total Expenses
Salaries and wages	\$ 1,935,526	\$ 187,893	\$ 140,354	\$ 2,263,773
Payroll taxes	181,797	17,648	13,183	212,628
Employee benefits	143,649	13,945	10,417	168,011
	2,260,972	219,486	163,954	2,644,412
Fundraising/development	-	-	25,292	25,292
Insurance	53,117	6,607	6,607	66,331
Occupancy	126,490	10,296	10,296	147,082
Office supplies	3,829	20,419	7,657	31,905
Postage and shipping	-	561	-	561
Printing and publications	-	1,521	-	1,521
Professional fees	27,318	53,144	24,538	105,000
Program supplies	209,021	-	-	209,021
Security	3,773	-	-	3,773
Staff training and compliance	18,704	1,816	1,356	21,876
Technology	4,924	615	616	6,155
Telephone	21,597	2,700	2,700	26,997
Vehicle expense	16,375	-	-	16,375
Volunteer appreciation	10	-	-	10
Other	16,213	2,027	2,027	20,267
Total expenses before depreciation expense	2,762,343	319,192	245,043	3,326,578
Depreciation expense	113,121	3,610	3,610	120,341
Total expenses	\$ 2,875,464	\$ 322,802	\$ 248,653	\$ 3,446,919

The accompanying notes are an integral part of this consolidated statement.

A Kid's Place of Tampa Bay, Inc. and Subsidiaries
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2017

	Program Services	Management and General	Fundraising	Total Expenses
Salaries and wages	\$ 1,862,154	\$ 113,834	\$ 171,824	\$ 2,147,812
Payroll taxes	176,782	10,807	16,311	203,900
Employee benefits	129,687	7,928	11,966	149,581
	<u>2,168,623</u>	<u>132,569</u>	<u>200,101</u>	<u>2,501,293</u>
Fundraising/development	-	-	2,880	2,880
Insurance	58,925	3,153	3,152	65,230
Occupancy	127,104	4,657	4,657	136,418
Office supplies	2,393	8,773	8,772	19,938
Postage and shipping	178	1,245	355	1,778
Printing and publications	618	2,265	2,265	5,148
Professional fees	31,111	66,184	11,052	108,347
Program supplies	211,746	-	-	211,746
Security	7,192	-	-	7,192
Staff training and compliance	16,760	1,025	1,546	19,331
Technology	3,132	392	392	3,916
Telephone	19,865	2,483	2,483	24,831
Vehicle expense	20,094	-	-	20,094
Volunteer appreciation	1,043	-	-	1,043
Other	3,257	172	172	3,601
	<u>2,672,041</u>	<u>222,918</u>	<u>237,827</u>	<u>3,132,786</u>
Total expenses before depreciation expense	2,672,041	222,918	237,827	3,132,786
Depreciation expense	<u>116,192</u>	<u>3,058</u>	<u>3,057</u>	<u>122,307</u>
Total expenses	<u>\$ 2,788,233</u>	<u>\$ 225,976</u>	<u>\$ 240,884</u>	<u>\$ 3,255,093</u>

The accompanying notes are an integral part of this consolidated statement.

A Kid's Place of Tampa Bay, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES

A brief description of the organization and a summary of its significant accounting policies consistently applied in the preparation of the accompanying financial statements follow:

1. Description of the Organization

A Kid's Place of Tampa Bay, Inc. is a State of Florida not-for-profit corporation founded in 2009 for the purpose of protecting and caring for neglected and abused children who have been removed from their homes. Its primary focus is to keep sibling groups together in a safe, stable, home-like environment until a more permanent placement can be provided. On July 1, 2015, Kids Charity of Tampa Bay, Inc. was combined into the operations of A Kid's Place of Tampa Bay, Inc. after approvals by the Board of Directors of each organization, in order to better serve the community with a clear, concise message. Kids Charity of Tampa Bay, Inc. was subsequently dissolved.

2. Principles of Consolidation

The consolidated financial statements include the financial statements of A Kid's Place of Tampa Bay, Inc., A Kid's Place Children's Program, LLC, AKP 1813, LLC, AKP 1715, LLC, AKP 1339, LLC, and AKP Support, LLC (collectively "the Organization"). All significant inter-organizational transactions and accounts have been eliminated in the accompanying consolidated financial statements.

A Kid's Place Children's Program, LLC is a Florida limited-liability corporation formed in 2015 to carry out the mission of the Organization by protecting and caring for neglected and abused children that have been removed from their homes.

AKP 1813, LLC is a Florida limited liability corporation formed in 2015 to own and operate certain real property.

AKP 1715, LLC is a Florida limited liability corporation formed in 2015 to own and operate certain real property.

AKP 1339, LLC is a Florida limited liability corporation formed in 2015 to own and operate certain real property.

AKP Support, LLC is a Florida limited liability corporation formed in 2015 to maintain and steward investable assets not needed to fund current operations.

3. Basis of Accounting

These consolidated financial statements, presented on the accrual basis of accounting, have been prepared to focus on the Organization as a whole and to present net assets, revenues, and expenses based on the existence or absence of donor-imposed restrictions.

A Kid's Place of Tampa Bay, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that limit their use. When a donor restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets (as defined above) and reported in the statement of activities as “net assets released from restrictions.”
- Permanently restricted net assets - Net assets subject to donor-imposed stipulations that will be maintained permanently by the Organization.

4. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

5. CBC Receivable

The State of Florida's Child Welfare System operates through Community-Based Care (CBC) organizations, lead agencies throughout the state. The CBCs, or lead agencies, contract with various providers to ensure foster children receive necessary services. As a residential provider, A Kid's Place of Tampa Bay, Inc., contracts with CBCs and is funded based on a daily rate for each child in its care. The Organization invoices the CBCs monthly, and considers such amounts to be fully collectable; accordingly, no allowance for doubtful accounts is required.

6. Contributions Receivable

Contributions receivable that are expected to be collected within one year are recorded at their net realizable value. Contributions that are expected to be collected in future years are recorded as contributions receivable at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. An allowance for uncollectible contributions is provided based upon management's judgement, including such factors as prior collection history, contribution type and nature of the fundraising activity. Management has determined that contributions receivable are fully collectable at June 30, 2018 and 2017; accordingly no allowance was determined to be necessary.

A Kid's Place of Tampa Bay, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

7. Investments

Investments held by the Organization includes cash and money market balances, equity securities, fixed income and non-traditional funds. The investments are reported at their fair values in the Statement of Financial Position. Investment income or loss (including gains or losses on investments, interest, and dividends) is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

8. Beneficial Interest in Assets Held by Others

The Organization has transferred assets to a community foundation which holds funds for its benefit. When a nonprofit transfers assets to a charitable trust or community foundation in which the resource provider names itself as beneficiary, the economic benefit of the transferred asset remains with the resource provider. The asset received in exchange is a beneficial interest in assets held by others, measured at the fair value of the asset contributed.

9. Income Taxes

A Kid's Place of Tampa Bay, Inc. is exempt from income taxes under Internal Revenue Code Section 501 (c)(3) and qualifies for the charitable contribution deduction under Section 170 (b)(1)(A) and is not considered a private foundation. Accordingly, no provision or benefit for income taxes has been reflected in the accompanying consolidated financial statements. Management is not aware of any tax positions it has taken that are subject to a significant degree of uncertainty or would jeopardize its tax-exempt status. Tax years after June 30, 2014 remain subject to examination by taxing authorities.

A Kid's Place Children's Program, LLC, AKP 1813, LLC, AKP 1715, LLC, AKP 1339, LLC and AKP Support, LLC are single member limited liability corporations and are disregarded entities for tax reporting purposes. All of their net income or loss is passed through to A Kid's Place of Tampa Bay, Inc. in fulfillment of its mission.

10. Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

A Kid's Place of Tampa Bay, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

11. Revenue and Expense Recognition

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give, are recorded as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions whose restrictions are met in the same reporting period are treated as unrestricted.

Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets (i.e. the donor-imposed purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

12. In-Kind Contributions

Donated goods and services are reflected in the accompanying consolidated financial statements at their fair value when an objective basis is available to measure such goods and services. For donated goods and services for which no objective basis is available to measure the value, no such contributions are reflected. A substantial number of volunteers have donated significant amounts of time to the Organization's programs and operations that are not reflected in the accompanying consolidated financial statements, as they do not meet the requirements of accounting principles generally accepted in the United States of America.

13. Advertising Costs

The Organization's policy is to expense advertising and marketing costs as incurred.

14. Functional Allocation of Expenses

The costs of providing the Organization's programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited, as shown in the consolidated statements of functional expenses.

A Kid's Place of Tampa Bay, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE B - CONTRIBUTIONS RECEIVABLE

Contributions receivable are summarized and due as follows at June 30,:

	<u>2018</u>	<u>2017</u>
Less than one year	\$ 74,504	\$ 96,124
One to five years	<u>40,000</u>	<u>60,000</u>
Total gross contributions receivable	114,504	156,124
Less discount (effective rate of 3%)	<u>(1,165)</u>	<u>(5,278)</u>
Net contributions receivable	<u>\$ 113,339</u>	<u>\$ 150,846</u>

NOTE C - INVESTMENTS

Investments consisted of the following at June 30,:

	<u>2018</u>	<u>2017</u>
Cash and money market funds	\$ 3,500	\$ -
Equities	331,366	-
Fixed Income	636,387	-
Non-traditional funds	<u>26,360</u>	<u>-</u>
	<u>\$ 997,613</u>	<u>\$ -</u>

NOTE D - LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment are valued at cost at the acquisition date and fair value at the date of donation. Assets are capitalized when the purchase price or estimated fair value exceeds \$5,000 and the estimated useful life is more than one year. Depreciation is computed on the straight-line method based upon the estimated useful lives ranging from three to thirty-nine years. Depreciation expense was \$120,341 and \$122,307 for the years ended June 30, 2018 and 2017, respectively.

A Kid's Place of Tampa Bay, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE D - LAND, BUILDINGS, AND EQUIPMENT - Continued

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

	<u>2018</u>	<u>2017</u>
Land	\$ 684,790	\$ 684,790
Buildings	4,471,834	4,471,833
Vehicles	125,000	114,268
Playground equipment	16,522	16,522
Storage unit	9,303	9,303
Leasehold Improvements	101,020	35,296
Construction in progress	<u>14,353</u>	<u>-</u>
	5,422,822	5,332,012
Less accumulated depreciation	<u>(1,219,735)</u>	<u>(1,117,085)</u>
	<u>\$ 4,203,087</u>	<u>\$ 4,214,927</u>

NOTE E - COMMITMENTS AND CONTINGENCIES

Certain funding agencies reserve the right to examine records by terms of the Organization's contracts. In the event there is a determination on non-qualifying expenditures for which a payment has been made, the funding agency may demand a refund for the appropriate amount. Management of the Organization does not anticipate adjustments to be made for completed contracts closed out as of June 30, 2018 and 2017. Accordingly, no provision for such a liability has been made in the accompanying consolidated financial statements.

NOTE F - RETIREMENT PLAN

The Organization sponsors a profit sharing plan under the provisions of Section 401(k) of the Internal Revenue Code. The Plan covers all eligible employees and the Organization may provide a discretionary contribution to the employee deferral account. The Organization provided discretionary contributions of approximately \$16,000 and \$21,000 for the years ended June 30, 2018 and 2017, respectively.

NOTE G - CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, grants receivable, gift cards and prepaid expenses. The Organization manages its risk with cash and cash equivalents through the use of high credit worthy financial institutions. All cash accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2018 and 2017 respectively, approximately \$144,000 and \$841,000 of cash and cash equivalents are not insured. The Organization has not experienced any losses from its deposits.

A Kid's Place of Tampa Bay, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE H - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are restricted to investment in perpetuity. Permanently restricted net assets consist of an Endowment Fund with a permanently restricted balance of \$300,000 at June 30, 2018 and 2017.

NOTE I - ENDOWMENT NET ASSETS

In accordance with FASB ASC 958-205-50 *"Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures of All Endowment Funds,"* the Organization has established a permanently restricted endowment fund. This fund is invested in accordance with the investment policy of the Organization.

Changes in the endowment's net assets are as follows for the years ended June 30, 2018 and 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at June 30, 2016	\$ -	\$ (12,104)	\$ 300,000	\$ 287,896
Endowment contributions	-	-	-	-
Endowment distributions	-	(11,626)	-	(11,626)
Interest and dividends	-	4,663	-	4,663
Realized and unrealized gain (loss) on investment	-	29,870	-	29,870
Reclassifications	-	-	-	-
Endowment net assets at June 30, 2017	-	10,803	300,000	310,803
Endowment contributions	-	-	-	-
Endowment distributions	-	(11,747)	-	(11,747)
Interest and dividends	-	2,687	-	2,687
Realized and unrealized gain (loss) on investment	-	17,368	-	17,368
Reclassifications	-	-	-	-
Endowment net assets at June 30, 2018	<u>\$ -</u>	<u>\$ 19,111</u>	<u>\$ 300,000</u>	<u>\$ 319,111</u>

The temporarily restricted balance at June 30, 2018 and 2017 represents investment gains and losses related to permanently restricted endowments.

A Kid's Place of Tampa Bay, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE J - FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board *Accounting Standards Codification* 820 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 measurement), a middle priority to quoted prices for similar assets or liabilities (level 2 measurements), and the lowest priority to unobservable inputs (level 3 measurements).

An 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.

Following is a description of the valuation methodologies used for significant assets measured at fair value at June 30, 2018 and 2017:

Beneficial interest in assets held by others: Consists of funds held by a community foundation. The beneficial interest is not actively traded and significant other observable inputs are not available. Thus, the fair value is equal to the value reported by the trustee.

Equities and commodities: Comprised of common stock and securities valued at the closing price reported in the active market in which the individual securities are traded.

Non-traditional and fixed income funds: Valued at the net asset value (NAV) of shares held at year end.

The methods described above may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents financial assets measured at fair value on a recurring basis as of June 30, 2018:

	<u>Fair Value</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
Beneficial interest in assets held by others	\$ 319,111	\$ -	\$ -	\$ 319,111
Cash and money market funds	3,500	3,500	-	-
Equities and commodities	331,366	331,366	-	-
Fixed income funds	636,387	636,387	-	-
Non-traditional funds	26,360	26,360	-	-
	<u>\$ 1,316,724</u>	<u>\$ 997,613</u>	<u>\$ -</u>	<u>\$ 319,111</u>
Total				

A Kid's Place of Tampa Bay, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE J - FAIR VALUE MEASUREMENTS - Continued

The following table presents financial assets measured at fair value on a recurring basis as of June 30, 2017:

	<u>Fair Value</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
Beneficial interest in assets held by others	\$ 310,803	-	-	\$ 310,803
Total	<u>\$ 310,803</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 310,803</u>

The following illustrates a roll forward for all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (level 3) for the years ended June 30, 2018 and 2017:

<u>Assets</u>	
Beneficial interest in assets held by others at June 30, 2016	\$ 287,896
Additions	-
Investment income	4,663
Realized and unrealized gains (losses)	29,870
Distributions	<u>(11,626)</u>
Beneficial interest in assets held by others at June 30, 2017	310,803
Additions	-
Investment income	2,687
Realized and unrealized gains (losses)	17,368
Distributions	<u>(11,747)</u>
Beneficial interest in assets held by others at June 30, 2018	<u>\$ 319,111</u>

NOTE K - SUBSEQUENT EVENTS

The Organization has evaluated events and transactions occurring subsequent to June 30, 2018 as of December 14, 2018, which is the date the consolidated financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
A KID'S PLACE OF TAMPA BAY, INC. AND SUBSIDIARIES
For the year ended June 30, 2018

A Kid's Place of Tampa Bay, Inc. and Subsidiaries
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2018

Federal Program Title	Pass-through Entity Identifying Number	CFDA	Pass-through Subrecipients	Expenditures
U.S. Department of Health and Human Services				
<u>Indirect Awards</u>				
Passed-through Florida Department of Children and Families				
Passed-through Eckerd Youth Alternatives, Inc. Foster Care-Title IV-E	ECA-C13-RGC-AKP-FY18	93.658	\$ -	\$ 899,855
Passed-through Sarasota Family YMCA, Inc. Foster Care-Title IV-E	-	93.658	-	7,104
Total CFDA #93.658			<u>-</u>	<u>906,959</u>
Passed-through Eckerd Youth Alternatives, Inc.				
Social Services Block Grant	ECA-C13-RGC-AKP-FY18	93.667	-	562,482
Passed-through Sarasota Family YMCA, Inc.				
Social Services Block Grant	-	93.667	-	5,023
Total CFDA # 93.667			<u>-</u>	<u>567,505</u>
Total expenditures of federal awards			<u>\$ -</u>	<u>\$ 1,474,464</u>

The accompanying notes are an integral part of this schedule.

A Kid's Place of Tampa Bay, Inc. and Subsidiaries

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2018

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of A Kid's Place of Tampa Bay, Inc. and Subsidiaries and is presented on the accrual basis of accounting. 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). Because this schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

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, wherein certain types are not allowable or are limited as to reimbursement. Negative amounts shown in the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE C - INDIRECT COST RATE

The Organization has elected to use the 10-percent de minimis indirect cost rate under the Uniform Guidance.

NOTE D - CONTINGENCIES

These federal programs are subject to financial and compliance audits by grantor agencies which, if instances of material noncompliance are found, may result in disallowed expenditures and affect the Organization's continued participation in specific programs. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although the Organization expects such amounts, if any, to be immaterial.

NOTE E - STATE MATCHING FUNDS FOR FEDERAL PROGRAMS

State funds awarded to the Organization as matching funds for federal programs consisted of the following:

Federal Program Matched by State Awards	State Contract #	Expenditures
Foster Care-Title IV-E	ECA-C13-RGC-AKP-FY18	\$ 923,683
Foster Care-Title IV-E	-	11,793
		<u>\$ 935,476</u>

These expenditures are not subject to the Florida Single Audit Act.

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

A KID'S PLACE OF TAMPA BAY, INC. AND SUBSIDIARIES

June 30, 2018



RIVERO, GORDIMER & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

Member
American Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants

Herman V. Lazzara
Marc D. Sasser
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Kevin R. Bass
Jonathan E. Stein
Richard B. Gordimer, of Counsel
Cesar J. Rivero, in Memoriam (1942-2017)

Stephen G. Douglas
Michael E. Helton
Christopher F. Terrigino
James K. O'Connor

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

Board of Directors
A Kid's Place of Tampa Bay, Inc. and Subsidiaries

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 consolidated financial statements of A Kid's Place of Tampa Bay, Inc. and Subsidiaries (the "Organization"), which are comprised of the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 14, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Tampa, Florida
December 14, 2018

A handwritten signature in cursive script that reads "Benicio, Gordinier & Company, P.A." The signature is written in black ink and is positioned to the right of the typed text.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

A KID'S PLACE OF TAMPA BAY, INC. AND SUBSIDIARIES

June 30, 2018



RIVERO, GORDIMER & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY UNIFORM GUIDANCE

Board of Directors
A Kid's Place of Tampa Bay, Inc. and Subsidiaries

Report on Compliance for Each Major Federal Program

We have audited A Kid's Place of Tampa Bay, Inc. and Subsidiaries' (the "Organization's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2018. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's 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 on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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. Accordingly, this report is not suitable for any other purpose.



Tampa, Florida
December 14, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
A KID'S PLACE OF TAMPA BAY, INC. AND SUBSIDIARIES
June 30, 2018

A Kid's Place of Tampa Bay, Inc. and Subsidiaries
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2018

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting
Material weakness(es) identified? yes X no
Significant deficiency(ies) identified yes X none reported
Noncompliance material to financial statements noted? yes X no

Federal Award Programs

Internal control over major programs/projects
Material weakness(es) identified? yes X no
Significant deficiency(ies) identified yes X none reported

Type of auditors' report issued on compliance for major programs/projects Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a) yes X no

Identification of major programs:

Federal

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.658	Foster Care - Title IV-E
93.667	Social Services Block Grant

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

Auditee qualified as low-risk auditee X yes no

Section II - Financial Statement Findings

No matters were reported for the year ended June 30, 2018 and no matters were reported for the prior year. Accordingly, a corrective action plan is not required.

Section III - Federal Award Findings and Questioned Costs

No matters were reported for the year ended June 30, 2018 and no matters were reported for the prior year. Accordingly, a summary of prior year financial audit findings is not presented.

Section IV - Other Issues

No summary schedule of prior year audit findings is required because there were no prior year audit findings related to federal programs.