

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS

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

June 30, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of A Kid's Place of Tampa Bay, Inc. and Subsidiaries (a nonprofit organization) (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of A Kid's Place of Tampa Bay, Inc. and Subsidiaries as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of A Kid's Place of Tampa Bay, Inc. and Subsidiaries and to meet our other ethical responsibilities with the relevant ethical requirements relating to the 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 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Tampa, Florida
December 16, 2022



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

June 30,

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (note I)	\$ 505,805	\$ 910,208
Grants and contracts receivable	329,467	171,908
Contributions receivable (note C)	21,000	6,000
Prepaid expenses	82,778	48,422
Other	41,836	26,367
	980,886	1,162,905
LONG-TERM CONTRIBUTIONS RECEIVABLE, NET (note C)	11,314	16,970
INVESTMENTS, long term (note D)	1,803,810	1,530,242
BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS (notes J and K)	406,751	447,666
LAND, BUILDINGS, AND EQUIPMENT, net of accumulated depreciation (note E)	3,989,696	4,028,051
TOTAL ASSETS	\$ 7,192,457	\$ 7,185,834
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 22,586	\$ 10,349
Accrued expenses	77,623	58,961
	100,209	69,310
COMMITMENTS (note G)	-	-
Total liabilities	100,209	69,310
NET ASSETS (notes J and K)		
Without donor restrictions	6,640,623	6,582,054
With donor restriction	451,625	534,470
	7,092,248	7,116,524
TOTAL LIABILITIES AND NET ASSETS	\$ 7,192,457	\$ 7,185,834

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, 2022
(with summarized comparative totals for June 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2022	2021
Revenue and other support				
Grants and contracts	\$ 2,561,492	\$ -	\$ 2,561,492	\$ 2,346,205
Contributions	929,668	33,560	963,228	990,803
Special events, net of direct expenses of \$240,505	661,751	-	661,751	532,292
In-kind revenue	160,622	-	160,622	180,992
Investment income	(241,432)	(40,915)	(282,347)	377,747
Gain on forgiveness of PPP loan	-	-	-	512,400
Thrift store and other income	79,412	-	79,412	7,408
Net assets released from restrictions	75,490	(75,490)	-	-
Total revenue and other support	<u>4,227,003</u>	<u>(82,845)</u>	<u>4,144,158</u>	<u>4,947,847</u>
Expenses				
Program services	3,474,344	-	3,474,344	3,251,180
Supporting expenses				
Management and general	433,389	-	433,389	396,462
Fundraising	260,701	-	260,701	238,324
Total expenses	<u>4,168,434</u>	<u>-</u>	<u>4,168,434</u>	<u>3,885,966</u>
Change in net assets	58,569	(82,845)	(24,276)	1,061,881
Net assets at beginning of year	<u>6,582,054</u>	<u>534,470</u>	<u>7,116,524</u>	<u>6,054,643</u>
Net assets at end of year	<u>\$ 6,640,623</u>	<u>\$ 451,625</u>	<u>\$ 7,092,248</u>	<u>\$ 7,116,524</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, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and other support			
Grants and contracts	\$ 2,346,205	\$ -	\$ 2,346,205
Contributions	910,969	79,834	990,803
Special events, net of direct expenses of \$225,893	532,292	-	532,292
In-kind revenue	180,992	-	180,992
Investment income	273,622	104,125	377,747
Gain on forgiveness of PPP loan	512,400	-	512,400
Other income	7,408	-	7,408
Net assets released from restrictions	<u>7,361</u>	<u>(7,361)</u>	<u>-</u>
Total revenue and other support	<u>4,771,249</u>	<u>176,598</u>	<u>4,947,847</u>
Expenses			
Program services	3,251,180	-	3,251,180
Supporting expenses			
Management and general	396,462	-	396,462
Fundraising	<u>238,324</u>	<u>-</u>	<u>238,324</u>
Total expenses	<u>3,885,966</u>	<u>-</u>	<u>3,885,966</u>
Change in net assets	885,283	176,598	1,061,881
Net assets at beginning of year	<u>5,696,771</u>	<u>357,872</u>	<u>6,054,643</u>
Net assets at end of year	<u>\$ 6,582,054</u>	<u>\$ 534,470</u>	<u>\$ 7,116,524</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,

	2022	2021
Cash flows from operating activities		
Change in net assets	\$ (24,276)	\$ 1,061,881
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	173,786	166,520
Gain on forgiveness of PPP loan	-	(512,400)
Unrealized loss (gain) on investments	303,717	(250,127)
(Increase) decrease in contributions receivable	(9,344)	6,331
(Increase) decrease in CBC receivable	(157,559)	21,560
Increase in other current assets	(15,469)	(2,430)
(Increase) decrease in prepaid expenses	(34,356)	16,725
Increase (decrease) in accounts payable	12,237	(14,882)
Increase in accrued expenses	18,662	3,504
Total adjustments	291,674	(565,199)
Net cash provided by operating activities	267,398	496,682
Cash flows from investing activities		
Purchases of property and equipment	(135,431)	(158,786)
Purchase of investments, net	(577,285)	(173,495)
Change in beneficial interest in assets held by others	40,915	(114,125)
Net cash used in investing activities	(671,801)	(446,406)
Net (decrease) increase in cash and cash equivalents	(404,403)	50,276
Cash and cash equivalents at beginning of year	910,208	859,932
Cash and cash equivalents at end of year	\$ 505,805	\$ 910,208
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, 2022
(with summarized comparative totals for June 30, 2021)

	Program Services	Management and General	Fundraising	Total	
				2022	2021
Salaries and wages	\$ 2,203,439	\$ 233,305	\$ 155,537	\$ 2,592,281	\$ 2,403,436
Payroll taxes	224,611	23,782	15,855	264,248	234,133
Employee benefits	180,118	19,071	12,714	211,903	191,120
	<u>2,608,168</u>	<u>276,158</u>	<u>184,106</u>	<u>3,068,432</u>	<u>2,828,689</u>
Fundraising/development	-	-	28,216	28,216	21,662
Insurance	50,684	8,447	8,447	67,578	60,883
Occupancy	135,138	7,508	7,508	150,154	151,271
Office supplies	3,099	16,530	6,199	25,828	28,589
Postage and shipping	-	6,475	-	6,475	5,669
Printing and publications	-	11,360	-	11,360	7,056
Professional fees	50,719	86,947	7,246	144,912	153,162
Program supplies	284,369	-	-	284,369	293,119
Security	10,102	-	-	10,102	7,017
Staff training and compliance	27,899	2,954	1,969	32,822	29,055
Technology	9,229	1,154	1,154	11,537	9,686
Telephone	22,178	2,772	2,772	27,722	28,335
Thrift store expenses	46,213	2,567	2,567	51,347	33,128
Vehicle expense	20,285	-	-	20,285	27,561
Volunteer appreciation	481	-	-	481	9,035
Other	42,422	5,303	5,303	53,028	25,529
	<u>3,310,986</u>	<u>428,175</u>	<u>255,487</u>	<u>3,994,648</u>	<u>3,719,446</u>
Total expenses before depreciation expense					
Depreciation expense	<u>163,358</u>	<u>5,214</u>	<u>5,214</u>	<u>173,786</u>	<u>166,520</u>
Total expenses	<u>\$ 3,474,344</u>	<u>\$ 433,389</u>	<u>\$ 260,701</u>	<u>\$ 4,168,434</u>	<u>\$ 3,885,966</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 FUNCTIONAL EXPENSES

For the year ended June 30, 2021

	Program Services	Management and General	Fundraising	Total Expenses
Salaries and wages	\$ 2,050,131	\$ 206,695	\$ 146,610	\$ 2,403,436
Payroll taxes	199,716	20,135	14,282	234,133
Employee benefits	163,026	16,436	11,658	191,120
	<u>2,412,873</u>	<u>243,266</u>	<u>172,550</u>	<u>2,828,689</u>
Fundraising/development	-	-	21,662	21,662
Insurance	45,905	7,489	7,489	60,883
Occupancy	136,143	7,564	7,564	151,271
Office supplies	3,431	18,297	6,861	28,589
Postage and shipping	-	5,669	-	5,669
Printing and publications	-	7,056	-	7,056
Professional fees	54,130	91,614	7,418	153,162
Program supplies	293,119	-	-	293,119
Security	7,017	-	-	7,017
Staff training and compliance	24,784	2,499	1,772	29,055
Technology	7,748	969	969	9,686
Telephone	22,667	2,834	2,834	28,335
Thrift store expenses	29,816	1,656.00	1,656.00	33,128
Vehicle expense	27,561	-	0	27,561
Volunteer appreciation	9,035.00	-	0	9,035
Other	20,423	2,553	2,553	25,529
	<u>3,094,652</u>	<u>391,466</u>	<u>233,328</u>	<u>3,719,446</u>
Total expenses before depreciation expense				
Depreciation expense	156,528	4,996	4,996	166,520
Total expenses	<u>\$ 3,251,180</u>	<u>\$ 396,462</u>	<u>\$ 238,324</u>	<u>\$ 3,885,966</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, 2022 and 2021

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.

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, AKP Support, and AKP Thrift, 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.

AKP Thrift, LLC is a Florida limited liability corporation formed in 2021 to aid in operations of a thrift store whose proceeds benefit A Kid's Place Children's Program.

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, 2022 and 2021

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

The Organization follows the provisions of the Financial Accounting Standards Board *Accounting Standards Codification* ("FASB ASC") and the standards of financial reporting for not-for-profit organizations as described in the American Institute of Certified Public Accountants' *Industry Guide for Not-for-Profit Organizations*. Accordingly, the financial statements are prepared on an accrual basis of accounting. The financial statements of the Organization are the representation of management and include estimates of amounts and judgments it believes are reasonable under the circumstances.

FASB ASC 958-205 (*Presentation of Financial Statements*) establishes standards for general purpose external financial statements of not-for-profit organizations and requires a statement of financial position, a statement of activities and changes in net assets, and a statement of cash flows.

FASB ASC 956-605 (*Revenue Recognition*) requires the Organization to distinguish between contributions that are subject to donor-imposed restrictions and those that are not subject to donor-imposed restrictions. It also requires recognition of contributed services meeting certain criteria at fair value. These financial statements have been prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classifications of assets, liabilities and net assets into two self-balancing net asset groups as follows:

- Net assets without donor restrictions - the portion of the organization's net assets that is not subject to donor-imposed restrictions
- Net assets with donor restrictions - the portion of the organization's net assets that is subject to donor-imposed restrictions

A donor-imposed restriction is a stipulation that specifies a use for a contributed asset that is more specific than broad limits resulting from the nature of the organization, the environment in which it operates, or its mission. A donor-imposed restriction may be temporary or permanent. Temporary restrictions may be fulfilled by actions of the organization to meet stipulations or be fulfilled by the passage of time. Permanent restrictions stipulate that the resources must be maintained in perpetuity.

4. New Accounting Pronouncements

During fiscal year 2022, the Organization adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2022 and 2021

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

5. 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.

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, 2022 and 2021; accordingly no allowance was determined to be necessary.

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 net assets without donor restrictions 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 asset 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, 2018 remain subject to examination by taxing authorities.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2022 and 2021

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

A Kid's Place Children's Program, LLC, AKP 1813, LLC, AKP 1715, LLC, AKP 1339, LLC AKP Support, LLC, and AKP Thrift 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.

11. Revenue and Expense Recognition

Revenues are reported as increases in net assets without donor restrictions 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 net assets without donor restrictions. Expirations of restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

12. Grants and Contracts

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. These contracts are classified by the CBCs as either a subrecipient or vendor relationship. The associated grant or contract revenue is recognized as earned when services are provided. The Organization invoices the CBCs monthly and considers such amounts to be fully collectable; accordingly, no allowance for doubtful accounts is required.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2022 and 2021

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

13. In-Kind Contributions

Donated goods consist primarily of food, personal items, and toys and are reflected in the accompanying consolidated financial statements at their fair value when an objective basis is available to measure such goods. For donated goods or 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.

14. Advertising Costs

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

15. 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 portion of costs that benefit multiple areas are allocated on the basis of employee time and effort or other allocable bases.

16. Reclassifications

Certain amounts from the June 30, 2021 financial statements have been reclassified to conform to the June 30, 2022 presentation. These reclassifications did not result in a change in previously reported change in net assets.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2022 and 2021

NOTE B - LIQUIDITY

The Organization's financial assets available within one year of the date of the consolidated financial statements of financial position for general expenditure are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 505,805	\$ 910,208
Pledges receivable	21,000	6,000
Accounts receivable	329,467	171,908
Beneficial interest in assets held by others	<u>406,751</u>	<u>447,666</u>
Total financial assets available within one year	1,263,023	1,535,782
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	<u>440,311</u>	<u>517,500</u>
Total amounts unavailable for general expenditures within one year	<u>440,311</u>	<u>517,500</u>
Total financial assets available to management for expenditure within one year	<u>\$ 822,712</u>	<u>\$ 1,018,282</u>

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization's investments are considered to be long term in nature however are available for expenditure subject to approval from management.

NOTE C - CONTRIBUTIONS RECEIVABLE

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

	<u>2022</u>	<u>2021</u>
Less than one year	\$ 21,000	\$ 6,000
One to five years	<u>12,000</u>	<u>18,000</u>
Total gross contributions receivable	33,000	24,000
Less discount (effective rate of 3%)	<u>(686)</u>	<u>(1,030)</u>
Net contributions receivable	<u>\$ 32,314</u>	<u>\$ 22,970</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2022 and 2021

NOTE D - INVESTMENTS

Investments consisted of the following at June 30,:

	<u>2022</u>	<u>2021</u>
Cash and money market funds	\$ 183,491	\$ 111,119
Equities	1,089,873	913,200
Fixed Income	268,126	387,706
Non-traditional funds	<u>262,320</u>	<u>118,217</u>
	<u>\$ 1,803,810</u>	<u>\$ 1,530,242</u>

NOTE E - 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 \$173,786 and \$166,520 for the years ended June 30, 2022 and 2021, respectively.

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

	<u>2022</u>	<u>2021</u>
Land	\$ 684,790	\$ 684,790
Buildings	4,617,151	4,617,151
Vehicles	267,974	153,262
Office equipment	28,738	28,738
Playground equipment	30,112	30,112
Leasehold Improvements	165,503	165,503
Construction in progress	<u>24,100</u>	<u>24,100</u>
	5,818,368	5,703,656
Less accumulated depreciation	<u>(1,828,672)</u>	<u>(1,675,605)</u>
	<u>\$ 3,989,696</u>	<u>\$ 4,028,051</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2022 and 2021

NOTE F - NOTE PAYABLE - PPP LOAN

In April 2020, the Organization received a \$512,400 U.S. Small Business Administration (SBA) Paycheck Protection Program ("PPP") loan for organizations who continued to pay their employees during the COVID-19 crisis). PPP loans and accrued interest are forgivable after a "covered period" (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes including payroll, benefits, rent, and utilities. The Organization was granted forgiveness in June 2021, as it fully met the requirements for loan forgiveness under the PPP program. The forgiveness has been recognized as revenue in the Statement of Activities and Changes in Net Assets for the year ended June 30, 2021.

NOTE G - 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, 2022 and 2021. Accordingly, no provision for such a liability has been made in the accompanying consolidated financial statements.

NOTE H - 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 \$32,000 and \$27,000 for the years ended June 30, 2022 and 2021, respectively.

NOTE I - 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, 2022 and 2021 respectively, approximately \$295,000 and \$640,000 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, 2022 and 2021

NOTE J - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are net assets subject to donor-imposed stipulations that may be fulfilled by actions of the Organization to meet the stipulations, that may become undesignated by the passage of time, or that require net assets to be maintained in perpetuity.

At June 30, 2022 and 2021, net assets with time and purpose restrictions were \$44,874 and \$86,834, respectively. At June 30, 2022 and 2021, donor restrictions in perpetuity consist of an Endowment Fund with a balance of \$406,751 and \$447,666, respectively. Net assets released from donor restriction were \$75,490 and \$7,361 for the years ended June 30, 2022 and 2021, respectively.

NOTE K - 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, 2022 and 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at June 30, 2020	\$ -	\$ 333,541	\$ 333,541
Endowment contributions	-	10,000	10,000
Endowment distributions	-	-	-
Interest and dividends	-	3,055	3,055
Realized and unrealized gain on investment	-	101,070	101,070
Endowment net assets at June 30, 2021	-	447,666	447,666
Endowment contributions	-	-	-
Endowment distributions	-	-	-
Interest and dividends	-	4,706	4,706
Realized and unrealized loss on investment	-	(45,621)	(45,621)
Endowment net assets at June 30, 2022	<u>\$ -</u>	<u>\$ 406,751</u>	<u>\$ 406,751</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2022 and 2021

NOTE L - FAIR VALUE MEASUREMENTS

The 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).

A fair value measure should reflect the assumptions that market participants would use in pricing the asset or liability, including the assumptions about the risk inherent in a particular valuation technique, the effect of a restriction on the sale or use of an asset and the risk of nonperformance.

The three levels of the fair value hierarchy under FASB ASC 820 are described below:

- Level 1 valuations, where the valuation is based on quoted market prices for identical assets or liabilities traded in active markets (which include exchanges and over-the-counter markets with sufficient volume),
- Level 2 valuations, where the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market, and
- Level 3 valuations, where the valuation is generated from model-based techniques that use significant assumptions not observable in the market, but observable based on organization-specific data. These unobservable assumptions reflect the organization's own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques typically include option pricing models, discounted cash flow models and similar techniques, but may also include the use of market prices of assets or liabilities that are not directly comparable to the subject asset or liability.

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.

The following is a description of the valuation methodologies used for significant assets measured at fair value at June 30, 2022 and 2021:

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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2022 and 2021

NOTE L - FAIR VALUE MEASUREMENTS - Continued

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, 2022:

	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Beneficial interest in				
assets held by others	\$ 406,751	\$ -	\$ -	\$ 406,751
Cash and money market funds	183,491	183,491	-	-
Equities and commodities	1,089,873	1,089,873	-	-
Fixed income funds	268,126	268,126	-	-
Non-traditional funds	262,320	262,320	-	-
	<u>2,210,561</u>	<u>1,803,810</u>	<u>-</u>	<u>406,751</u>
Total	<u>\$ 2,210,561</u>	<u>\$ 1,803,810</u>	<u>\$ -</u>	<u>\$ 406,751</u>

The following table presents financial assets measured at fair value on a recurring basis as of June 30, 2021:

	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Beneficial interest in				
assets held by others	\$ 447,666	\$ -	\$ -	\$ 447,666
Cash and money market funds	111,119	111,119	-	-
Equities and commodities	913,200	913,200	-	-
Fixed income funds	387,706	387,706	-	-
Non-traditional funds	118,217	118,217	-	-
	<u>1,977,908</u>	<u>1,530,242</u>	<u>-</u>	<u>447,666</u>
Total	<u>\$ 1,977,908</u>	<u>\$ 1,530,242</u>	<u>\$ -</u>	<u>\$ 447,666</u>

No transfers between level 1, 2, or 3 inputs took place during the years ended June 30, 2022 or 2021.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2022 and 2021

NOTE M - SUBSEQUENT EVENTS

The Organization has evaluated events and transactions occurring subsequent to June 30, 2022 as of December 16, 2022, which is the date the consolidated financial statements were available to be issued.

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, 2022



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, 2022, 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 16, 2022.

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.

A handwritten signature in black ink that reads "Buicio, Jordanier & Company, P.A." The signature is written in a cursive, flowing style.

Tampa, Florida
December 16, 2022