

PASCO KIDS FIRST, INC.
FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

PASCO KIDS FIRST, INC.

FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Pasco Kids First, Inc.
New Port Richey, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Pasco Kids First, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pasco Kids First, Inc. as of June 30, 2019 and 2018, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state project and state matching fund awards on page 25 is presented for the purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards on page 16, as required by Title 2 U.S. Code of Federal Regulations 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2019, 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.



Certified Public Accountants
October 10, 2019

PASCO KIDS FIRST, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
Current Assets		
Cash	\$ 53,409	\$ 14,466
Grants and contracts receivable, net of allowance	349,816	306,595
Prepaid expenses	796	796
Total Current Assets	404,021	321,857
Property and Equipment		
Property and equipment, net of accumulated depreciation of \$127,821 and \$165,510	319,450	379,707
Other Assets	13,514	13,247
Total Non-Current Assets	332,964	392,954
TOTAL ASSETS	\$ 736,985	\$ 714,811
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 47,527	\$ 71,070
Accrued expenses	116,144	127,545
Deferred revenue	56,277	50,461
Total Liabilities	219,948	249,076
Net Assets		
Without donor restrictions -		
Undesignated	197,587	86,028
Invested in property and equipment	319,450	379,707
With donor restrictions	-	-
Total Net Assets	517,037	465,735
TOTAL LIABILITIES AND NET ASSETS	\$ 736,985	\$ 714,811

Read Report of Independent Certified Public Accountants.
The accompanying notes are an integral part
of these financial statements.

PASCO KIDS FIRST, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Support and Revenue		
Federal and state grants and contracts	\$ 2,209,391	\$ 2,249,780
Crime Victims Compensation	114,969	118,480
Other grants and contracts	102,728	95,554
Contributions	235,540	140,818
In-kind contributions	306,867	284,481
Total Support and Revenue	2,969,495	2,889,113
Expenses		
<i>Program Services</i>		
Child Abuse Crisis Program	606,847	573,722
Sexual Assault Victim Exams (SAVE)	63,481	116,417
Healthy Families Program	1,357,188	1,362,517
Oral Health Education	60,104	13,916
Trauma Treatment Team	542,163	568,169
Total Program Services	2,629,783	2,634,741
<i>Support Services</i>		
General and administrative	144,232	213,917
Fundraising	92,102	100,125
Total Support Services	236,334	314,042
Total Expenses	2,866,117	2,948,783
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS BEFORE OTHER CHANGES	103,378	(59,670)
Other Changes		
Loss on disposal of property and equipment	(52,076)	-
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	51,302	(59,670)
NET ASSETS, beginning of the year	465,735	525,405
NET ASSETS, end of year	\$ 517,037	\$ 465,735

Read Report of Independent Certified Public Accountants.
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of these financial statements.

PASCO KIDS FIRST, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	PROGRAM SERVICES					SUPPORT SERVICES			Total Expenses	
	Child Abuse Crisis Program	SAVE	Healthy Families Program	Oral Health Education	Trauma Treatment Team	Total Program Services	General and Administrative	Fundraising		Total Support Services
Salaries	\$ 327,684	\$ 6,600	\$ 678,990	\$ 35,785	\$ 414,808	\$ 1,463,867	\$ 92,128	\$ 71,330	\$ 163,458	\$ 1,627,325
Payroll taxes	25,367	498	50,144	2,738	31,973	110,720	6,845	5,368	12,213	122,933
Employee benefits	45,682	58	113,662	471	30,552	190,425	12,078	6,234	18,312	208,737
	398,733	7,156	842,796	38,994	477,333	1,765,012	111,051	82,932	193,983	1,958,995
Medical	93,231	42,744	114	-	-	136,089	-	-	-	136,089
Mileage and travel	1,114	42	56,425	4,463	1,141	63,185	170	2,081	2,251	65,436
Utilities	9,356	-	19,959	698	8,102	38,115	4,419	202	4,621	42,736
Employee training	4,945	-	7,738	1,759	2,321	16,763	-	392	392	17,155
Repairs & maintenance	5,369	-	11,617	-	3,073	20,059	315	-	315	20,374
Rent	59,982	7,425	339,905	-	34,188	441,500	4,174	-	4,174	445,674
Printing, postage & supplies	8,545	580	25,559	13,895	5,734	54,313	14,626	433	15,059	69,372
Professional fees	12,024	-	14,278	-	3,455	29,757	-	-	-	29,757
Insurance	5,074	-	22,103	-	1,053	28,230	-	-	-	28,230
Dues & subscriptions	4,799	-	11,090	44	4,761	20,694	571	5,979	6,550	27,244
Bad debt	-	5,000	-	-	-	5,000	-	-	-	5,000
Other expenses	1,793	25	954	60	416	3,248	6,428	-	6,428	9,676
	604,965	62,972	1,352,538	59,913	541,577	2,621,965	141,754	92,019	233,773	2,855,738
Interest	-	-	-	-	-	-	2,198	-	2,198	2,198
Depreciation	1,882	509	4,650	191	586	7,818	280	83	363	8,181
Total Expenses	\$ 606,847	\$ 63,481	\$ 1,357,188	\$ 60,104	\$ 542,163	\$ 2,629,783	\$ 144,232	\$ 92,102	\$ 236,334	\$ 2,866,117

Read the Report of Independent Certified Public Accountants.
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PASCO KIDS FIRST, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	PROGRAM SERVICES					SUPPORT SERVICES			Total Expenses	
	Child Abuse Crisis Program	SAVE	Healthy Families Program	Oral Health Education	Trauma Treatment Team	Total Program Services	General and Administrative	Fundraising		Total Support Services
Salaries	\$ 331,556	\$ 6,600	\$ 730,296	\$ 8,404	\$ 421,786	\$ 1,498,642	\$ 126,309	\$ 74,273	\$ 200,582	\$ 1,699,224
Payroll taxes	26,031	506	55,365	643	31,306	113,851	9,560	5,726	15,286	129,137
Employee benefits	42,881	88	142,306	36	36,730	222,041	15,659	8,030	23,689	245,730
	400,468	7,194	927,967	9,083	489,822	1,834,534	151,528	88,029	239,557	2,074,091
Medical	79,105	51,998	-	-	-	131,103	-	-	-	131,103
Mileage and travel	955	-	54,929	998	559	57,441	2,354	1,657	4,011	61,452
Utilities	15,215	-	18,313	91	7,435	41,054	1,621	-	1,621	42,675
Employee training	1,086	-	4,342	2,373	3,009	10,810	1,393	-	1,393	12,203
Repairs & maintenance	3,975	-	10,948	-	2,358	17,281	1,714	-	1,714	18,995
Rent	48,429	7,425	289,956	-	48,569	394,379	37,271	-	37,271	431,650
Printing, postage & supplies	8,967	88	16,800	1,266	7,377	34,498	6,467	976	7,443	41,941
Professional fees	5,957	-	10,450	-	5,556	21,963	-	-	-	21,963
Insurance	4,391	-	16,668	-	964	22,023	-	-	-	22,023
Dues & subscriptions	3,411	-	7,370	-	1,722	12,503	2,858	9,328	12,186	24,689
Bad debt	-	48,000	-	-	-	48,000	-	-	-	48,000
Other expenses	-	600	351	56	-	1,007	5,242	12	5,254	6,261
	571,959	115,305	1,358,094	13,867	567,371	2,626,596	210,448	100,002	310,450	2,937,046
Interest	-	-	-	-	-	-	2,862	-	2,862	2,862
Depreciation	1,763	1,112	4,423	49	798	8,145	607	123	730	8,875
Total Expenses	\$ 573,722	\$ 116,417	\$ 1,362,517	\$ 13,916	\$ 568,169	\$ 2,634,741	\$ 213,917	\$ 100,125	\$ 314,042	\$ 2,948,783

Read the Report of Independent Certified Public Accountants.
The accompanying notes are an integral part
of these financial statements.

PASCO KIDS FIRST, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 51,302	\$ (59,670)
<i>Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:</i>		
Depreciation	8,181	8,875
Loss on disposal of property and equipment	52,076	-
Bad debt expense	5,000	48,000
(Increase) decrease in grants receivable	(48,221)	29,880
(Increase) decrease in other assets	(267)	5,811
Increase (decrease) in accounts payable	(23,543)	(78,170)
Increase (decrease) in accrued expenses	(11,401)	182
Increase (decrease) in deferred revenue	5,816	50,461
	<u>(12,359)</u>	<u>65,039</u>
Net Cash Provided by (Used in) Operating Activities	<u>38,943</u>	<u>5,369</u>
NET INCREASE IN CASH	38,943	5,369
CASH, BEGINNING OF YEAR	<u>14,466</u>	<u>9,097</u>
CASH, END OF YEAR	<u>\$ 53,409</u>	<u>\$ 14,466</u>
<u>SUPPLEMENTAL DISCLOSURE</u>		
Disposal of fully depreciated property and equipment	<u>\$ 45,870</u>	<u>\$ -</u>

Read Report of Independent Certified Public Accountants.
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of these financial statements.

PASCO KIDS FIRST, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE A – DESCRIPTION OF ORGANIZATION

Pasco Kids First, Inc. (“the Organization”) is a nonprofit entity incorporated in 1990 under the laws of the State of Florida. Their mission is to assist in the protection of Pasco and Hernando County children from the devastating effects of child abuse. Through partnerships with other community agencies, the Organization provides accurate assessments and services to children and their families by utilizing a multidisciplinary approach. Through community education and early intervention, the Organization promotes a healthy and nurturing family environment for all of their children.

Major funding is provided by the U.S. Department of Health and Human Services passed-through the State of Florida through grant agreements and contracts with the Department of Health, Healthy Families of Florida and other agencies. Funding is also provided by Pasco County and local organizations.

The Organization offers the following programs:

- **Child Abuse Crisis Program** – The Organization provides medical, forensic and psychological evaluations and counseling through a team of child abuse specialists made up from a network of doctors, nurses, social workers, psychologists and other professionals to alleged victims of child abuse and neglect. Community education and awareness programs are also provided.
- **Sexual Assault Victim Exams (SAVE)** – The Organization provides examination and collection of evidence for adult victims of sexual assault.
- **Healthy Families Pasco/Hernando** – A voluntary home visiting program for expectant parents and families of newborns is offered to the community. This positive parent support program works to build parenting skills, promotes parent-child relationships and bonding, promotes healthy child development, and links families to other services in the community.
- **Oral Health Education** – The Organization provides oral health care kits and information to families which educate them about the importance of dental health with overall health. Families are also provided information and referrals to resources and providers in the community to take care of dental needs to reduce emergency room visits and missed work and school days.
- **Trauma Treatment Team** – The Organization provides an array of education, prevention, assessment and intervention services to all members of the family affected by sexual abuse. Child victims of sexual abuse are provided immediate safety, assistance with coping with the trauma of the abuse and help with prevention of further incidents of abuse.

Read Report of Independent Certified Public Accountants

PASCO KIDS FIRST, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

In August 2016, the FASB issued ASU 2016-14 (the ASU), Not-for-Profit Entities (Topic 958), to make improvements to a not-for-profit entity's (NFPs) current financial reporting on net assets, expenses, liquidity, financial performance and cash flows. These improvements are intended to provide more useful information to donors, grantors, creditors and other users of a NFPs financial statements. The ASU is effective for fiscal years beginning after December 15, 2017 and the Organization has adopted the ASU for the year ended June 30, 2019.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations, including restricted contributions whose restrictions are met in the same reporting period.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that:

- may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.
- are maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

The Organization had no net assets with donor restrictions as of June 30, 2019 and 2018.

Estimates

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

Cash and Cash Equivalents

The Organization considers currency on hand, demand deposits and money market funds as cash. Cash equivalents would consist of highly liquid debt instruments purchased with maturities of three months or less.

PASCO KIDS FIRST, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants and Contracts Receivable

Grants receivable result from services which have been provided pursuant to the Organization's grants, but for which reimbursement has not yet been received at June 30, 2019 and 2018. No allowance was set up for federal and state grants as any amounts determined unallowable by the grantor are deducted from revenue upon notification of the disallowance. No material amounts were subsequently disallowed with respect to the amounts recorded at June 30, 2019 and 2018.

An allowance related to the Crime Victims Compensation contracts for therapy services was set up during the fiscal year ended June 30, 2017. At June 30, 2019 and 2018, the allowance was \$87,000 and \$82,000, respectively.

Federal and State Grants and Contracts

The Organization receives substantially all of its revenue from Federal and State grants and contracts. Revenues from federal and state grants and contracts are recorded based upon terms of the grantor allotment which generally provide that revenues are earned when the allowable costs of the specific grant provisions have been incurred. Revenues are subject to audit by the grantor and, if the examination results in a disallowance of any expenditure, repayment could be required. For the years ended June 30, 2019 and 2018, federal and state grants and contracts were approximately 74% and 78%, respectively, of total revenue. For the year ended June 30, 2019 approximately 94% of federal and state grants and contracts were from three agencies (52%, 27% and 15%). For the year ended June 30, 2018 approximately 92% of federal and state grants and contracts were from three agencies (53%, 24% and 15%).

Property and Equipment

Property and equipment are stated at historical cost and depreciated using the straight-line method over the estimated useful lives ranging from 5 to 39 years. Acquisitions of property and equipment in excess of \$500 are capitalized. Maintenance and repairs are charged to operations when incurred. When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in earnings.

Donated Facilities and Services

Donated facilities are reflected in the accompanying financial statements as revenue and expense based on the fair rental value of comparable facilities.

Donated services are recorded at their approximate fair value if they create or enhance non-financial assets, are of a specialized nature, are provided by an individual possessing those skills, and would have been purchased if not donated. There were no services meeting these criteria during the years ended June 30, 2019 and 2018.

PASCO KIDS FIRST, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

Expenses are shown by natural expense classification and function in the accompanying statement of functional expenses for each year presented. Expenses that are associated with a specific program are charged directly to that program. Expenses that are attributable to more than one program or supporting function are allocated on a reasonable basis that is consistently applied. Allocations are based on direct usage or management's estimate of the benefit derived by each activity. Management's estimates may be based on factors such as time and effort, square footage, clients served, or any other reasonable basis. The expenses that are allocated on the basis of estimates of time and effort are salaries, payroll taxes, employee benefits, mileage and travel, employee training, insurance, certain supplies, and dues and subscriptions. Rent, building repair and maintenance, and utilities are allocated on a square footage basis. Depreciation is allocated based on the percentage of non-payroll expenses to total non-payroll expenses for each program and supporting function.

Income Tax Status

The Organization is exempt from federal and state income taxes under Section 501 (c)(3) of the Internal Revenue Code and similar state provisions. The Organization is treated as a public supported organization, and not as a private foundation. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements. The Organization accounts for uncertain tax positions, if any, in accordance with ASC Section 740.

Management is not aware of any activities that would jeopardize the Organization's tax-exempt status. The Organization is not aware of any tax positions that it has taken that are subject to a significant degree of uncertainty. The Organization believes it is no longer subject to income tax examinations for fiscal years ending prior to June 30, 2016.

Fair Value of Financial Instruments

Professional standards require disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash, grants receivable and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

Concentration of Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist of cash and receivables at June 30, 2019 and 2018. The Organization places its cash with creditworthy, high-quality financial institutions. Accounts are maintained at institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. From time to time amounts held may exceed this limit. As of June 30, 2019 and 2018, no amounts exceeded the FDIC limit.

Reclassification

Certain 2018 amounts have been reclassified to conform to the 2019 presentation.

Read Report of Independent Certified Public Accountants

PASCO KIDS FIRST, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE C – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization’s financial assets as of the statement of financial position date. These financial assets are required to be reduced by those not available for general use within one year of the statement of financial position date. At June 30, 2019 and 2018, all of the Organization’s financial assets were available within one year for general expenditure.

	2019	2018
Financial assets:		
Cash and cash equivalents	\$ 53,409	\$ 14,466
Grants and contracts receivable, net	349,816	306,595
Total financial assets	403,225	321,061
Less those unavailable for general expenditure within one year	-	-
	\$ 403,225	\$ 321,061

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due and strives to operate within a prudent range of financial soundness and stability, maintain adequate liquid assets to fund near-term operating needs, and maintain sufficient reserves to provide reasonable assurance that any long-term obligations will be discharged. Financial assets in excess of daily cash requirements may be invested in certificates of deposit, money market funds or other short-term investments.

The Organization receives significant grants and contributions restricted by funders and donors. The Organization considers grants and contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment at cost as of June 30, 2019 and 2018 were:

	2019	2018
Land and building	\$ 378,371	\$ 378,371
Leasehold improvements	-	51,861
Equipment	68,900	114,985
Total property and equipment	447,271	545,217
Less accumulated depreciation	(127,821)	(165,510)
Net property and equipment	\$ 319,450	\$ 379,707

Read Report of Independent Certified Public Accountants

PASCO KIDS FIRST, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE E – DONATED FACILITIES

Donated facilities totaled \$306,867 and \$284,481 for the years ended June 30, 2019 and 2018, respectively. These facilities were used in the operations of the following programs:

	2019	2018
Healthy Families	\$ 299,442	\$ 277,056
SAVE	7,425	7,425
	\$ 306,867	\$ 284,481

NOTE F – EMPLOYEE BENEFIT PLAN

The Organization has a 403(b) retirement plan which is a tax-deferred annuity for its employees. Effective April 1, 2018, employer contributions to the plan were suspended. No employer contributions were made to the plan for the years ended June 30, 2019 and 2018.

NOTE G – COMMITMENTS AND CONTINGENCIES

Lease Commitments

The Organization has certain noncancellable operating leases for facilities expiring through August 31, 2023. Future minimum lease payments are as follows:

<u>Year ending June 30:</u>	
2020	\$ 122,507
2021	126,182
2022	29,360
2023	30,241
2024	5,065

Rent expense in the statement of functional expenses consists of the following for the years ended June 30, 2019 and 2018:

	2019	2018
Facilities rent	\$ 138,807	\$ 147,169
Donated rent	306,867	284,481
	\$ 445,674	\$ 431,650

PASCO KIDS FIRST, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE H – LINE OF CREDIT

The Organization has access to a Business Line of Credit with the same commercial bank it maintains its deposit accounts that allows it to borrow up to \$10,000 through MasterCard advances. Interest is payable monthly and had a rate of 12.25% and 11.5% at June 30, 2019 and 2018, respectively. At June 30, 2019 and 2018, the outstanding balance on the line of credit was \$335 and \$9,150, respectively and is included in accounts payable on the accompanying statement of financial position.

NOTE I – MATCH REQUIREMENT

The Organization receives funds under a grant from Healthy Families Florida, which requires a match of 25% of the contract award. For the years ended June 30, 2019 and 2018 this match requirement was met through cash and in-kind contributions as allowed under the grant. The Organization also receives funds through a grant from the State of Florida under the Victims of Crime Act, which requires a match of 20% of the contract award. For the years ended June 30, 2019 and 2018 this match was met through cash and in-kind contributions as allowed under the grant.

NOTE J – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 10, 2019, the date the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION
AND
OTHER REPORTS**

**PASCO KIDS FIRST, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass- Through Entity Identifying Number</i>	<i>Federal Expenditures</i>
<i>U.S. Department of Health and Human Services</i>			
<i>Passed through Healthy Families Florida-Ounce of Prevention Fund of Florida</i>			
Promoting Safe and Stable Families	93.556	HF-15-20-21	\$ 60,727
Total CFDA #93.556			<u>60,727</u>
TANF Cluster			
Temporary Assistance for Needy Families (TANF)	93.558	HF-15-20-21	390,942
Total TANF Cluster			<u>390,942</u>
<i>Passed through State of Florida Department of Health</i>			
Social Services Block Grant	93.667	CPX5B-A6	207,271
Total CFDA #93.667			<u>207,271</u>
Total U.S. Department of Health and Human Services			<u>658,940</u>
<i>U.S. Department of Justice</i>			
<i>Passed through State of Florida, Office of the Attorney General</i>			
Crime Victim Assistance	16.575	VOCA-2017- Pasco Kids Flrst, Inc.- 00511	62,776
Crime Victim Assistance	16.575	VOCA-2018- Pasco Kids Flrst, Inc.- 00462	275,644
Total CFDA #16.575			<u>338,420</u>
Total U.S. Department of Justice			<u>338,420</u>
Total Expenditures of Federal Awards			<u>\$ 997,360</u>

Read Report of Independent Certified Public Accountants.
See Accompanying Notes to Schedule of Expenditures of Federal Awards.

PASCO KIDS FIRST, INC.
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2019

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Pasco Kids First, Inc. (the Organization) under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the 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.

Pursuant to the Uniform Guidance, the Organization, as a sub-recipient of federal awards, has provided the name of the pass-through entity and the identifying description and number assigned by the pass-through entity when available from the pass-through entity. The Organization has provided the total federal awards expended for each individual federal program and the CFDA number or other identifying information when the CFDA information is not available. The Uniform Guidance does not require the Organization to provide this information, nor a breakdown of amounts awarded by CFDA number if that information is not available from the awarding agency.

NOTE 2 – 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 of expenditures are not allowable or are limited as to reimbursement.

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



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS 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
Pasco Kids First, Inc.
New Port Richey, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Pasco Kids First, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and change in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 10, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the 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 opinions 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 Organization'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.

Becker & Associates, PA

Certified Public Accountants
October 10, 2019



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To Pasco Kids First, Inc.
New Port Richey, Florida

Report on Compliance for Each Major Federal Program

We have audited Pasco Kids First, Inc.'s (the Organization) 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, 2019. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the 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, 2019.

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.

Becker + Associates, PA

Certified Public Accountants
October 10, 2019

**PASCO KIDS FIRST, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on whether the basic financial statements of Pasco Kids First, Inc. (the Organization) were prepared in accordance with GAAP.
2. No significant deficiencies were disclosed during the audit of the basic financial statements and no material weaknesses are reported.
3. No instances of noncompliance material to the basic financial statements of the Organization were disclosed during the audit.
4. No significant deficiencies were disclosed during the audit of the major federal award programs and no material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs for the Organization expresses an unmodified opinion on a major federal programs.
6. Audit findings that are required to be reported in accordance with 2CFR200.516(a) are reported in this schedule.
7. The federal programs tested as major programs were:

93.556 Promoting Safe and Stable Families	\$60,727
TANF Cluster: 93.558 Temporary Assistance for Needy Families	\$390,942

8. The threshold for distinguishing Type A and Type B programs was \$750,000 for major federal awards programs.
9. The Organization was not determined to be a low-risk auditee pursuant to Uniform Guidance.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

NONE

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAMS

NONE

D. OTHER ISSUES

NONE

E. PRIOR YEAR FINDINGS

NONE



7344 Little Road, New Port Richey, FL 34654
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**MANAGEMENT'S CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2019**

Cognizant or Oversight Agency for Audit
U.S. Department of Health and Human Services

Pasco Kids First, Inc. respectfully submits the following corrective action plan for the year ended June 30, 2019.

*Contact person responsible for
corrective action:*

*Name and address of independent
public accounting firm:*

Robin Kelbaugh, Finance Director
Pasco Kids First, Inc.
7344 Little Road
New Port Richey, FL 34654

Rick Reeder, CPA
Reeder & Associates, P.A.
3339 W. Bearss Avenue
Tampa, FL 33618

The findings from the June 30, 2019 Schedule of Findings and Questioned Costs are discussed below. The findings are lettered consistently with the letter assigned in the Schedule of Findings and Questioned Costs.

A. SUMMARY OF AUDIT RESULTS

This section does not include any findings and is therefore not addressed.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

NONE

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAMS

NONE

D. OTHER ISSUES

NONE

E. PRIOR YEAR FINDINGS

NONE

ADDITIONAL SUPPLEMENTARY INFORMATION

PASCO KIDS FIRST, INC.
SCHEDULE OF EXPENDITURES OF STATE PROJECT AND STATE MATCHING FUND AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

<u>State Grantor/Pass-Through Grantor/Program Title</u>	<u>State CSFA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>State Expenditures</u>
State of Florida Office of the Attorney General			
<i>Passed through Florida Network of Children's Advocacy Centers, Inc.</i>			
FL Network of Children Advocacy Centers	41.031	CAC-15	\$ 87,188
Total State of Florida Office of the Attorney General			<u>87,188</u>
State of Florida Department of Health			
Medical Services for Abused and Neglected Children	64.006	CPX5B-A6	379,100
Medical Services for Abused and Neglected Children	64.006	CSBPA	<u>35,000</u>
Total State of Florida Department of Health			<u>414,100</u>
State of Florida Department of Highway Safety and Motor Vehicles			
<i>Passed through Florida Network of Children's Advocacy Centers, Inc.</i>			
Child Abuse Prevention and Intervention License Plate Project	76.067	n/a	<u>4,466</u>
Total State of Florida Department of Highway Safety and Motor Vehicles			<u>4,466</u>
Total Expenditures of State Project Awards			<u><u>\$ 505,754</u></u>
State of Florida Department of Children and Families			
<i>Passed through Healthy Families Florida-Ounce of Prevention Fund of Florida</i>			
	n/a	HF-15-20-21	<u>\$ 706,276</u>
Total State of Florida Department of Children and Families			<u>706,276</u>
Total Expenditures of State Matching Fund Awards			<u><u>\$ 706,276</u></u>

Read Report of Independent Certified Public Accountants.