

FLAGLER ECUMENICAL SOCIAL SERVICE CENTER, INC.
FINANCIAL REPORT

Year Ended June 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Flagler Ecumenical Social Service Center, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Flagler Ecumenical Social Service Center, Inc., a Florida not-for-profit corporation (the "Center"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. 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. 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 Flagler Ecumenical Social Service Center, Inc. as of June 30, 2020, and the changes in its net assets and cash flows for the year 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 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 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 December 10, 2020, on our consideration of Flagler Ecumenical Social Service Center, Inc.'s internal control over financial reporting and on our tests of their 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 Flagler Ecumenical Social Service Center, Inc.'s internal control over financial reporting and compliance.

Alan, Krueger & Associates CPAs, LLC

St. Augustine, FL
December 10, 2020

FLAGLER ECUMENICAL SOCIAL SERVICE CENTER, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

ASSETS

CURRENT ASSETS

Cash	\$ 330,157
Grants receivable	252,262
Pledges receivable	575
Other receivables	690
Prepaid expenses	<u>11,849</u>
Total current assets	<u>595,533</u>

PROPERTY AND EQUIPMENT, NET

577,924

OTHER ASSETS

Deposits	<u>4,300</u>
Total other assets	<u>4,300</u>

TOTAL ASSETS

\$ 1,177,757

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 62,561
Deferred revenue	10,455
Refundable advance	150,798
Accrued interest on long-term debt	156,514
Current maturities of long-term debt	<u>46,197</u>
Total current liabilities	<u>426,525</u>

LONG-TERM DEBT

Standstill agreement	<u>257,329</u>
Total long-term liabilities	<u>257,329</u>

TOTAL LIABILITIES

683,854

NET ASSETS WITHOUT DONOR RESTRICTIONS

493,903

TOTAL LIABILITIES AND NET ASSETS

\$ 1,177,757

FLAGLER ECUMENICAL SOCIAL SERVICE CENTER, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
REVENUES AND FEES			
Contributions	\$ 58,230	\$ -	\$ 58,230
Fundraising proceeds, net	35,339	-	35,339
Grants	-	1,127,822	1,127,822
Contributions, in-kind	188,969	-	188,969
Other revenue	<u>33</u>	<u>-</u>	<u>33</u>
Total revenue and fees	<u>282,571</u>	<u>1,127,822</u>	<u>1,410,393</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>1,127,822</u>	<u>(1,127,822)</u>	<u>-</u>
EXPENSES			
Program	1,177,329	-	1,177,329
Management and general	<u>275,850</u>	<u>-</u>	<u>275,850</u>
Total expenses	<u>1,453,179</u>	<u>-</u>	<u>1,453,179</u>
CHANGE IN NET ASSETS	(42,786)	-	(42,786)
NET ASSETS, BEGINNING	<u>536,689</u>	<u>-</u>	<u>536,689</u>
NET ASSETS, ENDING	<u>\$ 493,903</u>	<u>\$ -</u>	<u>\$ 493,903</u>

See accompanying notes

FLAGLER ECUMENICAL SOCIAL SERVICE CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

PROGRAM SERVICES

	SHELTER		OUTREACH		SAVE		ECONOMIC JUSTICE		INJUNCTION FOR PROTECTION		TOTAL		MANAGEMENT AND GENERAL		TOTAL	
Advertisement and promotion	\$	14,950	\$	15,238	\$	10,694	\$	116	\$	-	\$	40,998	\$	200	\$	41,198
Bank charges		-		-		-		-		-		-		417		417
Dues and membership		2,401		2,250		83		-		-		4,734		668		5,402
Education and health services		1,050		1,733		27,806		-		280		30,869		-		30,869
Equipment lease		2,780		1,315		591		193		236		5,115		550		5,665
Housing assistance		-		1,746		-		-		-		1,746		-		1,746
Insurance expense		12,799		3,021		769		185		1,338		18,112		1,094		19,206
Interest expense		-		-		-		-		-		-		21,300		21,300
In-kind professional services		849		686		314		142		216		2,207		33,569		35,776
In-kind supplies		54,704		44,207		20,219		9,167		13,935		142,232		10,961		153,193
Legal and accounting		1,084		1,084		1,083		1,083		1,083		5,417		1,083		6,500
Maintenance and repairs		6,468		2,509		475		91		315		9,858		977		10,835
Office and administrative expenses		5,375		5,051		1,097		328		1,049		12,900		5,548		18,448
Operating supplies		25,626		5,695		2,793		2,146		1,488		37,748		2,006		39,754
Participant transportation		7,717		360		-		-		-		8,077		-		8,077
Printing and reproduction		1,848		1,443		676		224		266		4,457		583		5,040
Professional development		579		272		245		91		1,706		2,893		63		2,956
Property taxes		-		-		-		-		-		-		3,730		3,730
Rent expense		2,520		15,929		7,272		2,518		2,961		31,200		7,320		38,520
Salaries, taxes and benefits		335,074		211,618		68,410		26,978		85,434		727,514		172,302		899,816
Security services		888		135		53		12		15		1,103		60		1,163
Telephone and communications		5,659		4,459		1,390		445		526		12,479		1,953		14,432
Training and conferences		8,576		3,368		1,301		376		-		13,621		103		13,724
Travel		155		974		333		504		-		1,966		523		2,489
Utilities		15,781		5,993		2,746		893		1,064		26,477		2,560		29,037
Other		237		21		87		-		-		345		3,010		3,355
Total expenses before depreciation		507,120		329,107		148,437		45,492		111,912		1,142,068		270,580		1,412,648
Depreciation expense		16,212		10,538		3,242		3,648		1,621		35,261		5,270		40,531
Total expenses	\$	523,332	\$	339,645	\$	151,679	\$	49,140	\$	113,533	\$	1,177,329	\$	275,850	\$	1,453,179

See accompanying notes

FLAGLER ECUMENICAL SOCIAL SERVICE CENTER, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (42,786)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation expense	40,531
Loss on disposition of property and equipment	1,794
Net changes in:	
Grants receivable	(54,043)
Pledges receivable	(575)
Other receivables	2,453
Prepaid expenses	7,350
Accounts payable and accrued expenses	11,267
Deferred revenue	10,455
Refundable advance	150,798
Accrued interest on long-term debt	<u>21,300</u>
Net cash provided by operating activities	<u>148,544</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	<u>(24,726)</u>
Net cash used by investing activities	<u>(24,726)</u>
NET CHANGE IN CASH	123,818
CASH, BEGINNING	<u>206,339</u>
CASH, ENDING	<u>\$ 330,157</u>

See accompanying notes

FLAGLER ECUMENICAL SOCIAL SERVICE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 ORGANIZATION

Flagler Ecumenical Social Service Center, Inc., (the “Center”), a Florida not-for-profit corporation, was organized in May 1987 and operates as the “Family Life Center”. The Center is engaged in providing various social services to the community, including social outreach programs and counseling. All of the Center’s services are free and confidential.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Center have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities of the Center.

New Accounting Pronouncement

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, Revenue from Contracts with Customers, in the Accounting Standards Codification (ASC). Revenue Recognition for the contract related services requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an Center expects to be entitled in exchange for those goods and services. The Center has adjusted the presentation of these statements accordingly.

Cash and Cash Equivalents

Cash and cash equivalents includes all cash balances and highly liquid investments with a maturity of less than 90 days.

Fair Value of Financial Instruments

All financial instruments are carried at amounts that approximate estimated fair value. Financial Accounting Standards Board ASC 820, *Fair Value Measurement* (“ASC 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) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities that the Center can access at the measurement date.

Level 2

Inputs to the valuation methodology are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly such as publicly available information about actual events or transactions, and that reflect the assumptions that market participants would use when pricing the asset or liability.

Level 3

Inputs to the valuation methodology are unobservable for the asset or liability. Unobservable inputs are defined as inputs for which market data are not available and that are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability.

All financial instruments of the Center are considered to be Level 1 in the fair value hierarchy.

FLAGLER ECUMENICAL SOCIAL SERVICE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification of Net Assets

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board ASC 958-205. Under FASB ASC 958-205, the Center is required to report information regarding its financial position and activities according to the following net asset classifications:

- a. Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Center. The Center's board may designate assets without restrictions for specific operational purposes from time to time.
- b. Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Center or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Grants Receivable

As of June 30, 2020, all grants receivable of the Center represent amounts due under contractual grant agreements from various governmental agencies. The Center writes off specific accounts as they become uncollectible. All amounts receivable are considered fully collectible by the Center as of June 30, 2020 and consequently no allowance for uncollectible accounts has been made. Use of the direct method did not result in a material departure from accounting principles generally accepted in the United States of America.

Promises to Give

Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Promises to give are recorded when unconditional promises to pay are recorded. Unconditional promises to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. As of June 30, 2020, all unconditional promises to give were expected to be received within twelve months and are, therefore, not discounted.

The Center writes off specific pledges receivable as they become uncollectible. Use of the direct method did not result in a material departure from accounting principles generally accepted in the United States of America.

Property and Equipment

Purchased fixed assets are recorded at cost. Donated property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Center reclassifies temporarily restricted net assets to unrestricted net assets at that time. Expenditures for renewals or improvements that either materially add value or prolong the useful lives of assets are capitalized. Minor expenditures for small equipment less than \$500 are expensed as incurred.

Furniture and equipment are depreciated using the straight-line method over their estimated useful lives, which range from 5 to 10 years. Buildings and improvements are depreciated using the straight-line method over their estimated useful life of 39 years. Depreciation expense for the year ended June 30, 2020 was \$40,531.

FLAGLER ECUMENICAL SOCIAL SERVICE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts and the variances are held to be immaterial.

Income Taxes

The Center is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes, respectively.

Accounting for uncertain tax positions

The Center has adopted FASB ASC 740-10, *Accounting for Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. The interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Based on analyses of various federal and state filing positions of the Center, management believes that its income tax filing positions and deductions are well documented and supported.

As of June 30, 2020, the Center had no temporary differences relating to the recognition of income and expenses for financial and tax reporting purposes. Accordingly, no deferred tax assets or liabilities are recorded. Additionally, as of June 30, 2020, the Center had no uncertain tax positions that would qualify for either recognition or disclosure in the financial statements. Therefore, no reserves for uncertain income tax positions have been recorded pursuant to FASB ASC 740-10. In addition, no cumulative effect adjustment related to the adoption of FASB ASC 740-10 was recorded.

There have been no increases or decreases in unrecognized tax benefits for current or prior years since the date of adoption. Furthermore, no interest or penalties have been included since no reserves were recorded and no significant increases or decreases are expected to occur within the next 12 months. When applicable, such interest and penalties will be reported as income tax expense.

Since the tax matters are subject to some degree of uncertainty, there can be no assurance that the Center's tax returns will not be challenged by the taxing authorities and that the Center will not be subject to additional tax, penalties, and interest as a result of such challenge. At June 30, 2020, the periods that remain open to examination under federal statute are for the fiscal years ended June 30, 2017 through 2019.

Functional Allocation of Expenses

The costs of providing the Center's program, special events, and other activities have been summarized on a functional basis on the statement of functional expenses. Accordingly, certain costs have been allocated among program services and supporting services benefited. Administrative, program support and shared costs, are allocated as direct costs to benefiting cost objectives when that cost objective can be readily identified. When the cost objective cannot be readily identified, the cost is allocated based on the time and effort of staff on corresponding programs.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
In-kind professional services	Time and effort
In-kind supplies	Time and effort
Depreciation expense	Time and effort

FLAGLER ECUMENICAL SOCIAL SERVICE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Materials and Services

The Center records the value of donated goods or services when there is an objective basis available to measure their value. Donated services of a professional or skilled nature are presented at the estimated value of such services. Donated materials and equipment are reflected in the accompanying statements at their estimated value at date of receipt.

Additionally, a number of volunteers periodically donate significant amounts of time to the Center. No amounts have been reflected in the statements for these contributed services since the contribution of these services did not create or enhance non-financial assets or require specialized skills.

Contributions

In accordance with FASB ASC 958, *Financial Statements of Not-for-Profit Entities*, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions, if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributions, including unconditional promises to give, are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Compensated Absences

Employees of the Center are entitled to paid time off depending on length of service and other factors. The amount accrued for compensated absences at June 30, 2020 was \$29,664.

Advertising Costs

The Center follows the policy of charging advertising to expense as incurred. The advertising expense for the year ended June 30, 2020 was \$41,198 and included in the advertisement and promotion in the statement of functional expenses.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30, 2020:

Equipment	\$ 204,686
Furniture and fixtures	171,028
Buildings and improvements	435,754
Land	<u>222,960</u>
Total property and equipment	1,034,428
Less, accumulated depreciation	<u>(456,504)</u>
Property and equipment, net	<u>\$ 577,924</u>

NOTE 4 DONOR RESTRICTED NET ASSETS RELEASED FROM RESTRICTIONS

Donor restricted net assets are released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors. Donor restricted net assets released during the fiscal year ended June 30, 2020 were utilized for program expenditures that totaled \$1,127,822. As of June 30, 2020, there were no net assets with donor restrictions.

FLAGLER ECUMENICAL SOCIAL SERVICE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 5 GRANTS RECEIVABLE

Grants receivable were composed of the following as of June 30, 2020:

Florida Coalition Against Domestic Violence	\$ 99,213
Florida Council Against Sexual Violence	8,107
Office of Attorney General	123,494
Florida Department of Children & Families	6,048
Flagler County Board of Commissioners	<u>15,400</u>
Total grants receivable	<u>\$ 252,262</u>

NOTE 6 LONG-TERM DEBT

On February 5, 2010, the Center entered into a lease agreement, for the use of real commercial property in Palm Coast, Florida. The agreement required monthly rent payment of \$5,250 for 60 months, commencing on March 1, 2010. In September, 2010 the Center terminated the lease agreement and stopped making its monthly lease payments. The landlord filed a lawsuit against the Center alleging breach of contract on the lease. In January 2011, the Center and the landlord settled the litigation which awarded the landlord the total sum of \$303,396, which was included in "other expenses" on the statement of activities in the year ended June 30, 2011. The landlord and the Center entered into a Standstill Agreement which stipulates that the Center is to pay \$1,500 per month, including interest, beginning February 1, 2011, and which is to be credited against \$303,396. As of June 30, 2020, the outstanding balance of the debt was \$460,040, comprised of principal of \$303,526 and accrued interest of \$156,514.

At June 30, 2020, future minimum payments are as follows:

2021	\$ 46,197
2022	5,904
2023	6,191
2024	6,492
2025	6,807
Thereafter	<u>231,935</u>
Total future payments	<u>\$ 303,526</u>

NOTE 7 SUMMARY OF GRANT FUNDING REVENUE

During the fiscal year ended June 30, 2020, the Center received the following grants:

<u>Grants from governmental agencies</u>	
Florida Coalition Against Domestic Violence	\$ 422,847
Florida Department of Children and Families	50,526
Flagler County Board of Commissioners	84,289
Florida Council Against Sexual Violence	44,304
Emergency Food & Shelter Program	11,745
U.S. Department of Justice	4,091
Office of Attorney General	<u>428,386</u>
Total grants from governmental agencies	<u>1,046,188</u>
 <u>Grants from nongovernmental agencies</u>	
United Way grants	54,604
Other grants	<u>27,030</u>
Total grants from nongovernmental agencies	<u>81,634</u>
 Total grant funding	 <u>\$ 1,127,822</u>

FLAGLER ECUMENICAL SOCIAL SERVICE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 8 LIQUIDITY OF FINANCIAL ASSETS

The Center has \$583,684 of financial assets available within one year of June 30, 2020 to meet cash needs for general expenditures. The total amount consisted of cash and cash equivalents \$330,157, grants receivable \$252,262, and other receivables \$1,265. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of June 30, 2020. As part of the Center's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 9 LEASE AGREEMENTS

The Center leases office space under a month-to-month operating lease agreement in Bunnell, Florida. Under this lease, a \$3,000 monthly rent payment is required. The lease can be terminated at either party's discretion at any time with 30 day notice. Total lease expense for the fiscal year ended June 30, 2020 was \$36,000 and is reported in rent expense on the statement of functional expenses.

The Center was subject to a verbal lease agreement for use of property in Bunnell, Florida. Under this lease, a \$210 monthly rent payment is required. The lease period shall continue indefinitely and may be cancelled at any time. Total lease expense for the fiscal year ended June 30, 2020 was \$2,520 and is reported in rent expense on the statement of functional expenses.

The Center also maintained a non-cancelable operating lease agreement for office equipment. Under this lease, a \$509 monthly rent payment is required. Equipment rent for the fiscal year ended June 30, 2020 was \$5,665 and is included in equipment lease on the statement of functional expenses.

Future amounts due under the lease commitments at June 30 are as follows:

2021	\$ 6,108
2022	6,108
2023	6,108
2024	6,108
2025	509
Total	<u>\$ 24,941</u>

NOTE 10 CONCENTRATION OF CREDIT RISK

The Center maintains its cash balances with high quality financial institutions. Accounts at these institutions currently are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At times, such investments may be in excess of FDIC insurance limits. The Center does not believe it is exposed to any significant credit risk on its cash and cash equivalents. As of June 30, 2020, the Center did not maintain any cash balances in excess of FDIC insurance limits.

NOTE 11 OTHER CONCENTRATIONS

Area of Service

The Center provides services, generally, to residents of Flagler County, Florida who are victims of domestic violence or sexual assault.

Funding

The Center's receives a significant portion of its support through federal, state and local government funding. For the year ending June 30, 2020, funding from the Center's two largest grantors amounted to approximately 38% and 37%, respectively, of the Center's total revenue for the year. Consequently, changes in government funding levels in future periods have the potential to significantly impact the financial position and operations of the Center.

FLAGLER ECUMENICAL SOCIAL SERVICE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 12 CORONAVIRUS (COVID-19)

In December 2019, a novel strain of coronavirus (COVID-19) was reported to have surfaced in China. The World Health Organization has characterized COVID-19 as a pandemic. Any impact of COVID-19 to the Organization during the year ended June 30, 2020 is reflected in these financial statements. Subsequent to the statement of financial position date, the extent of the impact of COVID-19 on the Center's operational and financial performance will depend on future developments, including the duration and spread of the outbreak as well as other factors, all of which are highly uncertain and cannot be predicted at this time.

NOTE 13 REFUNDABLE ADVANCE

On April 30, 2020, the Center received \$150,798 from the Paycheck Protection Programs, as provided under the Coronavirus Aid Relief and Economic Security Act (CARES). The funds received are subject to forgiveness provided the Center meets certain criteria within a specified timeframe. While formal forgiveness has not yet been received from the Small Business Administration (SBA), management expects the advance to be forgiven in full.

NOTE 14 SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 11, 2020. The impact of Coronavirus (COVID-19) to the Organization is discussed in Note 12. No other events were identified as necessary to be disclosed to keep these financial statements from being misleading or that provide additional evidence about conditions that existed at June 30, 2020, including estimates inherent in the process of preparing these financial statements.

SUPPLEMENTAL INFORMATION

FLAGLER ECUMENICAL SOCIAL SERVICE CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Period</u>	<u>CFDA/ CSFA Number</u>	<u>Contract/ Grant Number</u>	<u>Award Amount</u>	<u>Federal Expenditures</u>
FEDERAL AWARDS					
U.S. Department of Justice					
Pass-through programs from:					
Florida Coalition Against Domestic Violence					
Crime Victim Assistance	10/1/18-9/30/19	16.575	19-2208-EJ-VOCA	\$ 76,500	\$ 9,564
Crime Victim Assistance	10/1/19-9/30/20	16.575	20-2208-EJ-VOCA	78,680	24,018
Crime Victim Assistance	10/1/18-9/30/19	16.575	19-2208-IFP-LEGAL-VOCA	108,300	26,995
Crime Victim Assistance	10/1/19-9/30/20	16.575	20-2208-IFP-LEGAL-VOCA	113,162	<u>77,804</u>
					<u>138,381</u>
Office of the Attorney General					
Crime Victim Assistance	10/1/18-9/30/19	16.575	VOCA-2018-00485	556,537	118,153
Crime Victim Assistance	10/1/19-9/30/20	16.575	VOCA-2019-00394	599,658	<u>310,233</u>
					<u>428,386</u>
Total U.S. Department of Justice					<u>566,767</u>
U.S. Department of Health and Human Services					
Pass-through programs from:					
Florida Coalition Against Domestic Violence					
Family Violence Prevention and Services	7/1/18-7/31/19	93.671	19-2208-DVS-1	31,266	2,286
Family Violence Prevention and Services	8/1/19-6/30/20	93.671	20-2208-DVS	32,357	32,357
Family Violence Prevention and Services	4/1/20-6/30/20	93.671		17,063	<u>17,063</u>
					<u>51,706</u>
Daytona State College					
Family Violence Prevention and Services	10/1/19-9/30/20	93.671	2019-WA-AX-0002	5,455	<u>4,091</u>
Florida Coalition Against Domestic Violence					
Temporary Assistance for Needy Families	7/1/18-7/31/19	93.558	19-2208-DVS-1	104,212	8,016
Temporary Assistance for Needy Families	8/1/19-6/30/20	93.558	20-2208-DVS	88,180	<u>88,180</u>
					<u>96,196</u>
Total U.S. Department of Health and Human Services					<u>151,993</u>
U.S. Department of Homeland Security					
Pass-through programs from:					
United Way of Volusia Flagler Counties					
Emergency Food and Shelter	10/1/18-3/31/20	97.024	161600-003	11,745	<u>11,745</u>
					<u>11,745</u>
U.S. Department of Housing and Urban Development					
Pass-through programs from:					
Volusia-Flagler County Coalition for the Homeless					
Emergency Solutions Grant Program	7/1/19-6/30/20	14.231	VFCCCH-103	50,526	<u>50,526</u>
					<u>50,526</u>
Total Expenditures of Federal Awards					<u>\$ 781,031</u>

FLAGLER ECUMENICAL SOCIAL SERVICE CENTER, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state projects (the "Schedule") includes the federal grant activity of the Organization under programs of the federal government for the year ended June 30, 2020. 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 the Schedule presents only a selected portion of the operations of Flagler Ecumenical Social Service Center, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Flagler Ecumenical Social Service Center, Inc.

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.

NOTE 3 DE MINIMIS INDIRECT COST RATE ELECTION

The Organization has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

ABARE, KRESGE & ASSOCIATES CPAS, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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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

To the Board of Directors of
Flagler Ecumenical Social Service Center, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of Flagler Ecumenical Social Service Center, Inc., which comprise the statement of financial position as of June 30, 2020, and the related statement of activities, functional expenses and cash flow for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 10, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting 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 financial statements are free of 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 Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Abare, Kresge & Associates CPAs, LLC

St. Augustine, FL
December 10, 2020

ABARE, KRESGE & ASSOCIATES CPAs, LLC

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

To the Board of Directors of
Flagler Ecumenical Social Service Center, Inc.

Report on Compliance for Each Major Federal program

We have audited Flagler Ecumenical Social Service Center, Inc.'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 Center's major federal programs for the year ended June 30, 2020. The Center'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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Center'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 Center'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 Center's compliance.

Opinion on Each Major Federal Program

In our opinion, the Center 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 program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Center 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 Center's internal control over compliance with the types of requirements that could have a direct and material effect on each federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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 Center'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.

Aham, Krueger & Associates CPAs, LLC

St. Augustine, FL
December 10, 2020

FLAGLER ECUMENICAL SOCIAL SERVICE CENTER, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2020

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: *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 Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None reported

Type of auditors' report issued on compliance for major *Unmodified*

Any audit findings disclosed that are required to be reported
 in accordance with the Uniform Guidance? _____ Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
16.575	Crime Victim Assistance

Dollar threshold used to distinguish between
 Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? _____ Yes X No

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

SECTION III - STATE PROJECTS FINDINGS AND QUESTIONED COSTS

None.

FLAGLER ECUMENICAL SOCIAL SERVICE CENTER, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2020

There are no prior audit findings.