

**CHILD GUIDANCE CENTER, INC.
AND CHILD GUIDANCE FOUNDATION, INC.**

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020



CHILD GUIDANCE CENTER, INC. AND CHILD GUIDANCE FOUNDATION, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Child Guidance Center, Inc. and Child Guidance Foundation, Inc.

We have audited the accompanying consolidated financial statements of Child Guidance Center, Inc. and Child Guidance Foundation, Inc. (nonprofit organizations) which comprise the statements of financial position as of June 30, 2021 and 2020 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.

Auditors' 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. 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.

To the Board of Directors of
Child Guidance Center, Inc. and Child Guidance Foundation, Inc.
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Child Guidance Center, Inc. and Child Guidance Foundation, Inc. as of June 30, 2021 and 2020, 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2021, on our consideration of Child Guidance Center, Inc.'s and Child Guidance Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and 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 Child Guidance Center, Inc.'s and Child Guidance Foundation, Inc.'s internal control over financial reporting and compliance.

Magers & Associates, LLC

Magers & Associates, LLC
Orange Park, FL
December 30, 2021

CHILD GUIDANCE CENTER, INC. AND CHILD GUIDANCE FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 900,466	\$ 1,100,217
Accounts receivable	620,835	212,612
Grants and contracts receivable	471,259	407,977
Prepaid expenses and other current assets	13,448	50,060
TOTAL CURRENT ASSETS	2,006,008	1,770,866
PROPERTY AND EQUIPMENT, NET	1,049,908	1,126,766
TOTAL ASSETS	\$ 3,055,916	\$ 2,897,632
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 257,521	\$ 292,671
Accrued compensated absences	208,946	238,962
Estimated third party settlements	194,114	88,322
Current portion of notes payable	28,956	27,355
TOTAL CURRENT LIABILITIES	689,537	647,310
LONG TERM LIABILITIES		
PPP Loan	-	896,359
Notes payable - long term	247,284	275,997
TOTAL LONG-TERM LIABILITIES	247,284	1,172,356
TOTAL LIABILITIES	936,821	1,819,666
NET ASSETS		
Without donor restrictions	2,119,095	1,077,966
TOTAL NET ASSETS	2,119,095	1,077,966
TOTAL LIABILITIES AND NET ASSETS	\$ 3,055,916	\$ 2,897,632

See accompanying notes to financial statements.

CHILD GUIDANCE CENTER, INC. AND CHILD GUIDANCE FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>NET ASSETS WITHOUT DONOR RESTRICTIONS</u>		
Public support:		
Lutheran Services Florida, Inc.	1,943,954	2,046,257
Jacksonville Children's Commission	599,826	587,676
Family Support Services of North Florida, Inc.	133,303	132,769
Other	59,301	66,424
Contributions	<u>920,319</u>	<u>26,740</u>
Total unrestricted public support	<u>3,656,703</u>	<u>2,859,866</u>
Revenues:		
Medicaid	2,390,334	2,055,185
Program Services	600,000	601,553
Client and other third party fees	138,344	158,172
Interest	356	4,303
Miscellaneous	<u>194,320</u>	<u>52,376</u>
Total revenues	<u>3,323,354</u>	<u>2,871,589</u>
Total unrestricted public support and revenues	<u>6,980,057</u>	<u>5,731,455</u>
Expenses:		
In home/On site	1,558,217	1,702,716
Intervention	648,214	763,172
Outpatient	1,731,552	1,631,227
Case Management	704,030	749,546
Outpatient Medical	335,661	245,927
Community Action Team	791,193	931,630
Supporting/Administrative	107,709	386,708
Fund Raising	113	1,896
Child Guidance Foundation	<u>62,239</u>	<u>69,819</u>
Total expenses	<u>5,938,928</u>	<u>6,482,641</u>
 (DECREASE) INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	 1,041,129	 (751,186)
NET ASSETS, BEGINNING OF YEAR	<u>1,077,966</u>	<u>1,829,152</u>
NET ASSETS, END OF YEAR	<u>\$ 2,119,095</u>	<u>\$ 1,077,966</u>

See accompanying notes to financial statements.

CHILD GUIDANCE CENTER, INC. AND CHILD GUIDANCE FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Increase (decrease) in net assets	\$ 1,041,129	\$ (751,186)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	87,157	94,528
Amortization	513	513
(Increase) decrease in operating assets:		
Accounts receivable	(408,223)	(25,180)
Grants and contracts receivable	(63,282)	212,108
Prepaid expenses and other current assets	36,612	(23,873)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(35,150)	63,313
Accrued compensated absences	(30,016)	50,714
Change in estimate of third party settlements	105,792	(102,884)
Net cash provided (used) by operating activities:	<u>734,532</u>	<u>(481,947)</u>
Cash flows provided (used) in investing activities:		
Purchases of property and equipment	(10,812)	(10,498)
Net cash provided (used) in investing activities	<u>(10,812)</u>	<u>(10,498)</u>
Cash flows used in financing activities:		
Loan proceeds	-	896,359
Forgiveness of PPP Loan	(896,359)	-
Principal payments on long-term debt	(27,112)	(25,532)
Net cash provided (used) in financing activities	<u>(923,471)</u>	<u>870,827</u>
Net increase (decrease) in cash and cash equivalents	(199,751)	378,382
Cash and cash equivalents at beginning of year	1,100,217	721,835
Cash and cash equivalents at end of year	<u>\$ 900,466</u>	<u>\$ 1,100,217</u>
Supplementary data:		
Cash paid for interest	<u>\$ 16,972</u>	<u>\$ 18,552</u>

See accompanying notes to financial statements.

CHILD GUIDANCE CENTER, INC AND CHILD GUIDANCE FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2021

	In Home/ On Site <u>2021</u>	Intervention <u>2021</u>	Outpatient <u>2021</u>	Case Management <u>2021</u>	Outpatient Medical <u>2021</u>	Community Action Team <u>2021</u>	Total Program Services <u>2021</u>	Supporting/ Administrative <u>2021</u>	Fundraising <u>2021</u>	Child Guidance Center, Inc. <u>2021</u>	Child Guidance Foundation, Inc. <u>2021</u>	Consolidated <u>2021</u>
PERSONNEL SERVICES:												
Salaries	\$ 1,067,876	\$421,482	\$1,118,835	\$434,753	\$156,425	\$504,099	3,703,470	\$401,768	-	4,105,238	-	4,105,238
Fringe benefits	160,342	53,182	172,666	97,096	11,648	105,336	600,270	49,067	-	649,337	-	649,337
TOTAL PERSONNEL	1,228,218	474,664	1,291,501	531,849	168,073	609,435	4,303,740	450,835	-	4,754,575	-	4,754,575
OTHER EXPENSES:												
Building occupancy	31,821	8,308	107,842	35,774	4,465	26,550	214,760	36,585	-	251,345	45,267	296,612
Professional services	4,687	1,457	4,418	1,726	248	1,726	14,262	103,752	113	118,127	-	118,127
Travel	1,984	3,423	91	5,202	-	324	11,024	1,260	-	12,284	-	12,284
Equipment costs	80,762	22,527	84,581	31,692	4,594	30,600	254,756	58,773	-	313,529	-	313,529
Contract services	6,370	55,735	9,525	3,756	110,778	14,389	200,553	38,883	-	239,436	-	239,436
Insurance	16,999	5,561	17,108	8,518	1,303	9,232	58,721	33,001	-	91,722	-	91,722
Interest	-	-	-	-	-	-	-	-	-	-	16,972	16,972
Operating supplies and expenses	8,695	2,208	17,929	4,782	7,710	8,211	49,535	46,136	-	95,671	-	95,671
TOTAL OTHER EXPENSES	151,318	99,219	241,494	91,450	129,098	91,032	803,611	318,390	113	1,122,114	62,239	1,184,353
TOTAL PERSONNEL & EXPENSES	1,379,536	573,883	1,532,995	623,299	297,171	700,467	5,107,351	769,225	113	5,876,689	62,239	5,938,928
DISTRIBUTED COSTS:												
Administrative and clinical support	178,681	74,331	198,557	80,731	38,490	90,726	661,516	(661,516)	-	-	-	-
TOTAL PROGRAM COSTS	\$ 1,558,217	\$ 648,214	\$ 1,731,552	\$ 704,030	\$ 335,661	\$ 791,193	\$ 5,768,867	\$ 107,709	\$ 113	\$ 5,876,689	\$ 62,239	5,938,928

See accompanying notes to financial statements.

CHILD GUIDANCE CENTER, INC AND CHILD GUIDANCE FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2020

	In Home/ On Site <u>2020</u>	Intervention <u>2020</u>	Outpatient <u>2020</u>	Case Management <u>2020</u>	Outpatient Medical <u>2020</u>	Community Action Team <u>2020</u>	Total Program Services <u>2020</u>	Supporting/ Administrative <u>2020</u>	Fundraising <u>2020</u>	Child Guidance Center, Inc. <u>2020</u>	Child Guidance Foundation, Inc. <u>2020</u>	Consolidated <u>2020</u>
PERSONNEL SERVICES:												
Salaries	\$ 1,070,531	\$457,695	\$938,961	\$450,198	\$134,919	\$520,715	3,573,019	\$815,391	-	4,388,410	-	4,388,410
Fringe benefits	186,329	75,539	145,405	84,033	14,120	97,560	602,986	243,636	-	846,622	-	846,622
TOTAL PERSONNEL	1,256,860	533,234	1,084,366	534,231	149,039	618,275	4,176,005	1,059,027	-	5,235,032	-	5,235,032
OTHER EXPENSES:												
Building occupancy	27,527	11,872	112,769	32,231	4,012	52,939	241,350	37,498	-	278,848	45,267	324,115
Professional services	7,665	2,415	7,246	2,855	439	2,855	23,475	32,307	-	55,782	-	55,782
Travel	4,316	6,099	1,179	8,988	27	14,134	34,743	5,115	-	39,858	-	39,858
Equipment costs	123,530	9,125	108,408	45,072	6,883	48,636	341,654	24,395	-	366,049	-	366,049
Contract services	12,266	86,689	13,981	3,099	2,591	44,571	163,197	8,048	-	171,245	-	171,245
Insurance	19,880	5,546	20,350	11,480	1,447	11,394	70,097	1,647	-	71,744	-	71,744
Interest	-	-	-	-	-	-	-	-	-	-	18,552	18,552
Operating supplies and expenses	13,969	2,100	56,163	7,392	47,301	9,316	136,241	56,127	1,896	194,264	6,000	200,264
TOTAL OTHER EXPENSES	209,153	123,846	320,096	111,117	62,700	183,845	1,010,757	165,137	1,896	1,177,790	69,819	1,247,609
TOTAL PERSONNEL & EXPENSES	1,466,013	657,080	1,404,462	645,348	211,739	802,120	5,186,762	1,224,164	1,896	6,412,822	69,819	6,482,641
DISTRIBUTED COSTS:												
Administrative and clinical support	236,703	106,092	226,765	104,198	34,188	129,510	837,456	(837,456)	-	-	-	-
TOTAL PROGRAM COSTS	\$ 1,702,716	\$ 763,172	\$ 1,631,227	\$ 749,546	\$ 245,927	\$ 931,630	\$ 6,024,218	\$ 386,708	\$ 1,896	\$ 6,412,822	\$ 69,819	6,482,641

See accompanying notes to financial statements.

CHILD GUIDANCE CENTER, INC. AND CHILD GUIDANCE FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Child Guidance Center, Inc. (the Center) and Child Guidance Foundation, Inc. (the Foundation), (the Organization), are nonprofit entities organized under the laws of the State of Florida, and are exempt from Federal Income Taxes under Section 501(c)(3) of the Internal Revenue Code.

The Center provides treatment, counseling, and prevention for mental health and related problems to children, adolescents, and their families. The Center's goal is to provide such services to all individuals requesting assistance, regardless of their ability to pay.

The Foundation was formed in October 1988 for the purpose of fundraising and creation of public awareness as well as holding title to real and personal property used by Child Guidance Center, Inc. in the furtherance of the Center's tax-exempt purposes.

The Center and the Foundation are located in Jacksonville, Florida, and share members of the same Board of Directors (the Board), which consists of volunteers from the community.

There is also an element of economic interest since the Foundation holds significant resources that are used only by the center. All material intra-entity transactions have been eliminated. Accordingly, their financial statements have been consolidated.

Basis of Presentation

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 based on accounting pronouncement ASU 2016-14. 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.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations. Some donor-imposed stipulations are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed stipulations are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed stipulations are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Generally, the donor of these assets permits the organizations to use all or part of the income earned on related investments for general or specific purposes. At June 30, 2021 and 2020 there were no net assets with donor restrictions.

CHILD GUIDANCE CENTER, INC. AND CHILD GUIDANCE FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The costs related to the administration of the Organization's programs are summarized in the combined statement of activities. Personnel and operating expenses, which are associated with a specific program, are charged directly to that program. Personnel and operating expenses which benefit more than one program are allocated to the various programs based on the relative benefit provided.

Use of Estimates

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

Public Support

Restricted contributions and grants are reported as unrestricted support when the restrictions are met in the same reporting period. Public support revenue from government grants are recorded based on the terms of the grantor allotment, which generally provide that revenues are earned when the allowable costs of the specific grant have been incurred or services provided. Such revenues are subject to audit by the grantors and, if the examination results in a deficiency of allowable expenses, the Organization will be required to refund any deficiencies.

Client Service Fees

Fees for client services are recorded at net realizable value based upon the client's financial capabilities and allowances estimated by management to be non-reimbursable by third-party payers and federal and state programs under the provisions of applicable program payment arrangements. Final determination of amounts earned is subject to third-party payer audit and retroactive adjustment.

Cash, Cash Equivalents, and Concentration of Credit Risk

The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents. The carrying amount reported in the consolidated statements of financial position for cash and cash equivalents approximates its fair value.

The Organization had balances in excess of amounts federally insured of \$48,149 at June 30, 2021. The Organization maintains its cash with a high quality financial institution which the Organization believes limits these risks.

CHILD GUIDANCE CENTER, INC. AND CHILD GUIDANCE FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Equipment, and Improvements

Property, equipment, and improvements are recorded at historical cost, or in case of contributed property and equipment, at fair market value at the date of donation. Additions with a cost or fair value of less than \$1,000 are expensed. Depreciation is computed using the straight-line method over the useful lives of the various assets, which range from 5-30 years. The Organization commences depreciation in the month of acquisition. The State of Florida is entitled to the proceeds from the disposal of certain equipment, if such equipment is acquired with state contract funds.

Accounts Payable and Accrued Expenses

The carrying amount reported in the consolidated statements of financial position for accounts payable and accrued expenses approximates its fair value.

Estimated Third Party Settlements

The Center's books and records are subject to audit and adjustment by third party funding sources. Adjustments related to these audits are recorded in the period in which they can be reasonably estimated. During the current fiscal year reserve was adjusted. This reserve adjustment resulted in an decrease in medicaid income of \$105,792 (shown on the consolidated statement of activities), and an increase in the reserve balance.

The reserve for estimated third party settlements was \$194,114 and \$88,322 for the years ended June 30, 2021 and 2020 and are considered to be adequate to fund claims made by third party providers.

Because of the inherent uncertainties in estimating the estimated third party settlement, it is at least reasonably possible that the estimate could change.

Contributions

All donations are considered available for unrestricted use unless specifically restricted by the donor.

Income Tax Status

The Center is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. Currently, the Center engages in no activities that would be taxed as unrelated business income.

As of June 30, 2021, the tax years that remain subject to examination by taxing authorities begin with 2018.

Accounts and Grants Receivable

All accounts and grants receivable are considered fully collectible. Accordingly, no allowance for doubtful accounts has been provided.

CHILD GUIDANCE CENTER, INC. AND CHILD GUIDANCE FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 June 30, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions that are restricted by the donor are reported as increases in net assets with 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.

The Organization follows the provisions of FASB's ASC Topic 606, Revenue from Contracts with Customers. Revenue is recognized at a single point in time when ownership, risks, and rewards transfer.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization considers all expenditures related to its ongoing activities to support the mission to be general expenditures. As part of the Organization'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.

The following reflects the Organization's financial assets as of the statement of financial position date June 30, 2021. There were no contractual or donor-imposed restrictions within one year of the statement of financial position that would reduce amounts available for general use.

	<u>2021</u>
Financial assets at year end:	
Cash and cash equivalents	\$ 900,466
Accounts receivable	620,835
Grants and contracts receivable	471,259
	\$ 1,992,560

NOTE 3 - GRANTS AND CONTRACTS RECEIVABLE

As of June 30, 2021 and 2020, accounts receivable from grants and contracts was composed of:

	<u>2021</u>	<u>2020</u>
Family Support Services of North Florida, Inc.	\$ 11,638	\$ 20,847
Jacksonville Children's Commission	225,678	152,673
Lutheran Services Florida, Inc.	229,986	225,667
Other	3,957	8,790
	\$ 471,259	\$ 407,977

CHILD GUIDANCE CENTER, INC. AND CHILD GUIDANCE FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 4 - PPP LOAN

On May 3, 2020, the Organization (the “Borrower”) was granted a loan from Wells Fargo Bank, N.A. in the aggregate amount of \$896,359, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Organization received full forgiveness under the terms described in the CARES Act. The forgiven loan amount if \$896,359 is reflected as contribution income on the Statement of Activities.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 297,707	\$ 297,707
Building	1,464,800	1,464,800
Furniture, equipment and software	570,817	571,329
Leasehold and building improvements	<u>912,694</u>	<u>901,883</u>
	3,246,018	3,235,719
Accumulated depreciation	<u>(2,196,110)</u>	<u>(2,108,953)</u>
Property and equipment, net	<u>\$ 1,049,908</u>	<u>\$ 1,126,766</u>

Depreciation expense was \$87,670 and \$95,041 for the years ended June 30, 2021 and 2020, respectively.

NOTE 6 - RETIREMENT PLAN

The Center established a Retirement Savings Plan (The Plan) effective July 1, 1985. The Plan covers full-time and part-time employees who have completed three months of service and are scheduled to work at least 1,000 hours of service during the plan year. Employees become fully vested after five years of service.

Until May 2018, the Plan required the Center to make contributions matching the employees' deferrals up to 6%. There were no mandatory contributions for the years ended June 30, 2021 and June 30, 2020. Retirement plan contributions are reported as fringe benefits expense in the consolidated statements of functional expenses.

CHILD GUIDANCE CENTER, INC. AND CHILD GUIDANCE FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 June 30, 2021 and 2020

NOTE 7 - NOTES PAYABLE

The Foundation's notes payable at June 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
A \$440,000 mortgage payable to Wells Fargo Bank, dated February 26, 2014 with monthly payments of \$3,674 beginning April 15, 2014 and continuing through March 15, 2024 with one last irregular payment estimated at \$193,673. The interest rate is 5.75%. This mortgage is collateralized with real property.	\$ 276,240	\$ 303,352
Less: Current Portion	(28,956)	(27,355)
Notes Payable - Long Term	\$ 247,284	\$ 275,997

The following is a schedule of maturities of the above long-term debt:

Year Ending June 30,		
2022	\$	28,956
2023		30,665
2024		32,476
2025		34,393
2026		36,424
Thereafter		113,326
	\$	276,240

NOTE 8 - REVENUE RECOGNITION

Management has analyzed the provisions of the FASB's ASC Topic 606, *Revenue from Contracts with Customers*, and have concluded that no changes are necessary to conform with the new standard. Revenue is recognized at a single point in time when ownership, risks, and rewards transfer.

The Organization recognizes revenue when the performance obligations of providing the services are met.

The Organization recognizes contributions without conditions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Contracts which fall under the provisions of ASC Topic 606 are as follows:

	<u>2021</u>	<u>2020</u>
Contract Revenue	\$ 2,528,678	\$ 2,213,357
Contract Receivable	620,830	212,612

CHILD GUIDANCE CENTER, INC. AND CHILD GUIDANCE FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 June 30, 2021 and 2020

NOTE 9 - OPERATING LEASES

The Center leases two office facilities from the Foundation. The rental income and expense of \$44,084 and \$44,084 for the years ended June 30, 2021 and June 30, 2020 respectively, have been eliminated on the consolidated statements of activities and the consolidated statements of functional expenditures. Additional offices are leased under lease agreements with various terms. The Center also leases various business machines under non-cancelable operating leases.

The Organization's future minimum lease payments for office facilities and equipment under non-cancelable operating leases, not including payments to the Foundation, as of June 30, 2021 are as follows:

Fiscal year ended <u>June 30</u>	<u>Amount</u>
2022	\$ 33,205
2023	24,578
2024	-
2025	-
	<u>\$ 57,783</u>

Rental expense on all leases totaled \$30,288 and \$43,658 for the years ended June 30, 2021 and 2020, respectively.

NOTE 10 - CONCENTRATION OF REVENUE SOURCE

The Organization receives substantial support under Medicaid contracts. During the fiscal years ended June 30, 2021 and 2020, support recognized under these arrangements amounted to \$2,390,334 and \$2,055,185, respectively.

NOTE 11 - MANAGEMENT'S REVIEW

The Organization has evaluated subsequent events through December 30, 2021, the date at which the financial statements were available to be issued.

Beginning in February 2021, CGC made a change to its operations regarding benefits management and the service providers used. In error, employee deferral contributions were not deposited into the 401K trust in a timely manner as required by the trust. These deferral contributions were transferred to the trust in August 2021.

Lost earnings on the late deposits were calculated by Child Guidance Center, Inc. through its service providers for each affected participant by applying the better of the rate of return from plan level average investments, or the DOL Online Calculator. The loss date for each participant was applied to each payroll based on the number of days the deposit exceeded five business days. The total of the Earnings Attributable were deposited on October 19, 2021.

All affected employees have been notified and the appropriate disclosures have been made to the Department of Labor.



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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
Child Guidance Center, Inc. and Child Guidance Foundation, Inc.

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 Child Guidance Center, Inc. and Child Guidance Foundation, Inc. (nonprofit organizations), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 30, 2021.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph 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.

To the Board of Directors
Child Guidance Center, Inc. and Child Guidance Foundation, Inc.
Page Two

Compliance and Other Matters

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

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Magers & Associates, LLC

Magers & Associates, LLC
Orange Park, Florida
December 30, 2021

CHILD GUIDANCE CENTER, INC. AND CHILD GUIDANCE FOUNDATION

Exhibit A - Status of Prior Year's Findings and Recommendations

Number	Prior Year's Audit Recommendation	Status as of June 30, 2021
2019-01	We recommended that a reconciliation of the bank account be prepared by someone without related cash receipt, disbursement, or recording duties on a monthly basis. The chief financial officer should then review, approve, and sign the bank reconciliation to determine that the reconciliation has been performed and that any differences are fully explained and corrected.	This finding was resolved. Child Guidance Center hired an external firm that is contracted to complete regular bookkeeping. Their services include monthly reconciliations.
2019-02	We recommended that a reconciliation of grants receivable be prepared on a monthly basis. The chief financial officer should compare the reconciliation to the expense reimbursement reports and the contract and ensure that any differences are fully explained and corrected.	See above
2019-03	We recommended that an accounts payable reconciliation be performed each month end to ensure that the general ledger balance, and thus the financial statements, reflects the proper accounts payable amount.	See above
2019-04	We recommended that prepaid and accrued expense reconciliations be performed each month end to ensure that the general ledger balance, and thus the financial statements, reflects the proper account balances.	See above