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GRANDMA'S PLACE, INC.

INDEPENDENT AUDITOR'S REPORT  
AND FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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**MARK ESCOFFERY P.A.**  
CERTIFIED PUBLIC ACCOUNTANT

**GRANDMA'S PLACE, INC.**

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# ***Mark Escoffery, P.A.***

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## ***Certified Public Accountant***

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### **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Grandma's Place, Inc.  
Royal Palm Beach, Florida

#### ***Report on Financial Statements***

I have audited the accompanying Financial Statements of Grandma's Place, Inc. ("the Organization") (a nonprofit organization) which comprise the Statements of Financial Position as of June 30, 2018 and 2017 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***

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits 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 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### ***Opinion***

In my opinion, the financial statements referred to above presently fairly, in all material respects, the financial position of the Organization as of June 30, 2018 and 2017, and the results of its operations, 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*, I have also issued my report dated November 2, 2018, on my consideration of the Organization's internal control over financial reporting and on my 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 my 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* and should be considered in assessing the results of my audit.

*Wendy EscOFFER, P. A.*

Palm Beach Gardens, Florida  
November 2, 2018

**GRANDMA'S PLACE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2018 AND 2017**

<b>ASSETS</b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Current Assets:		
Investments	\$ 723,934	\$ 335,213
Cash	192,800	405,308
Grants Receivable	92,717	44,345
Prepaid Expenses	7,731	5,211
<b>Total Current Assets</b>	<b>1,017,182</b>	<b>790,077</b>
Property and Equipment, Net	373,176	368,994
<b>TOTAL ASSETS</b>	<b>\$ 1,390,358</b>	<b>\$ 1,159,071</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accrued Expenses	\$ 14,737	\$ 8,821
Accounts Payable	14,714	598
Total Liabilities	29,451	9,419
Net Assets:		
Temporarily Restricted	47,768	410
Unrestricted	1,313,139	1,149,242
Total Net Assets	1,360,907	1,149,652
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,390,358</b>	<b>\$ 1,159,071</b>

See accompanying Notes to Financial Statements

**GRANDMA'S PLACE, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2018</u>	<u>Total 2017</u>
<b>REVENUES AND SUPPORT:</b>				
Fee revenue	\$ 449,370		\$ 449,370	\$ 359,635
Contributions and other income	310,392	83,898	394,290	470,883
Fundraising	86,862		86,862	64,589
Investment income, net	38,866		38,866	32,617
Net assets released from restrictions	410	(410)		
<b>Total Revenue and Support</b>	<u>885,900</u>	<u>83,488</u>	<u>969,388</u>	<u>927,724</u>
<b>EXPENSES :</b>				
Program Services	547,181	36,130	583,311	694,046
Administrative	92,550		92,550	84,789
Fundraising	82,272		82,272	48,849
<b>Total Expenses</b>	<u>722,003</u>	<u>36,130</u>	<u>758,133</u>	<u>827,684</u>
Change in Net Assets	163,897	47,358	211,255	100,040
Net assets, beginning	1,149,242	410	1,149,652	1,049,612
Net assets, ending	<u>\$ 1,313,139</u>	<u>\$ 47,768</u>	<u>\$ 1,360,907</u>	<u>\$ 1,149,652</u>

See accompanying notes to financial statements

**GRANDMA'S PLACE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>Cash Flows from Operating Activities:</b>		
Cash Received from Grantors	\$ 400,998	\$ 481,031
Cash Received from Contributions	390,244	470,883
Investment Income	41,214	2,871
Cash Paid to Suppliers and Employees	( 702,843 )	( 824,652 )
Cash From Other Income	86,862	18,313
<b>Net Cash Provided By Operating Activities</b>	<u>216,475</u>	<u>148,446</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of Property and Equipment	( 34,898 )	-
Decrease/(Increase) in Investments	( 394,085 )	( 31,408 )
<b>Net Cash Flows (Used In) Investing Activities</b>	<u>( 428,983 )</u>	<u>( 31,408 )</u>
Increase in Cash	( 212,507 )	117,038
Cash Beginning	<u>405,308</u>	<u>288,270</u>
<b>Cash Ending</b>	<u>\$ 192,800</u>	<u>\$ 405,308</u>

See accompanying Notes to Financial Statements

GRANDMA'S PLACE, INC.

STATEMENTS OF CASH FLOWS  
(Continued)

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Reconciliation of Change in Net Assets to Net Cash Provided By/ (Used In) Operating Activities:		
Change in Net Assets	\$ 210,255	\$ 100,040
Adjustment to reconcile Change in Net Assets to Net Cash (Used In) Operating Activities:		
Depreciation and Amortization	37,080	35,188
(Increase)/Decrease In:		
Grants Receivable	( 48,372 )	10,186
Prepayments	( 2,520 )	6,627
(Decrease)/Increase In:		
Accounts Payable	20,032	( 3,595 )
	<u>\$ 216,475</u>	<u>\$ 148,446</u>

See accompanying Notes to Financial Statements



**GRANDMA'S PLACE, INC**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2018 AND 2017**

	Program Services		Total	Supporting Services		Total	Total
	Foster Programs	Youth Program	Program Expenses	Fundraising	Management and general	All Services	Expenses 2017
Personnel	\$ 354,278	\$ 86,351	\$ 440,629	\$ 11,271	\$ 64,530	\$ 516,430	\$ 517,712
Insurance	34,336	8,424	42,760	179	2,538	45,477	51,784
Occupancy	17,325	5,058	22,383		303	22,686	51,553
Program Expenses		2,849	2,849			2,849	40,298
Capital campaign	-		-			0	37,500
Depreciation	36,354		36,354		726	37,080	35,188
Fundraising fees	-		-	42,789		42,789	48,849
Luncheon expenses	-		-	26,630		26,630	
Professional fees	5,774	3,458	9,232		19,622	28,854	18,366
Office expenses	3,773	3,028	6,801	1,403	3,368	11,572	9,162
Household expenses	4,325	653	4,978			4,978	7,336
Children's expenses	2,169		2,169			2,169	
Fees for service	3,933		3,933			3,933	4,251
Auto & Travel	3,948	1,432	5,380		477	5,857	2,581
Equipment rental	3,463		3,463		385	3,848	
Communication	1,150	360	1,510			1,510	2,162
Arkansas property expenses					601	601	
Conferences	820	50	870			870	942
	<u>\$471,648</u>	<u>\$111,663</u>	<u>\$583,311</u>	<u>\$82,272</u>	<u>\$92,550</u>	<u>\$758,133</u>	<u>\$827,684</u>

See accompanying Notes to financial statements

**GRANDMA'S PLACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

Grandma's Place, Inc. ("the Organization") is a not-for-profit health care agency that provides care in a nurturing environment for abused or neglected children in the foster care system. The Organization was formerly known as Kid Sanctuary, Inc. and changed its name on October 7, 2008. The Organization is licensed by the State of Florida and operates primarily as a subcontractor under an agreement with Child and Family Connections, Inc. (a not-for-profit organization) that receives its funding from a master agreement with the State of Florida Department of Children and Families.

Income Taxes

The Organization is exempt from Federal Income Tax under Section 501(c) (3) of the Internal Revenue Code. The Organization's income tax return is subject to examination by the Internal Revenue Service (IRS) for tax years after June 30, 2016.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to three classes of net assets: Unrestricted, Temporarily Restricted and Permanently Restricted.

Net assets and revenue, gains and losses are classified and reported based on the existence or absence of donor imposed restrictions as follows:

*Unrestricted* – are those currently available for use in the current operation of the Organization under the direction of the Board of Directors, and those resources invested in property and equipment.

*Temporarily Restricted* – are those stipulated by donors for specific operation purposes or for the acquisition of property and equipment; or those not currently available for use until commitments regarding their use have been fulfilled.

**GRANDMA'S PLACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)**

Basis of Presentation (Cont'd.)

*Permanently Restricted* - are those which are required by donors to be held in perpetuity or, if sold, the proceeds must be reinvested in accordance with the same donor stipulated purpose.

Cash and Cash Equivalents

Cash and cash equivalents are composed of interest-bearing checking, saving, and money market accounts. The Organization considers all highly liquid investments with an original maturity of less than three months when purchased to be cash equivalents.

Investments

The Organization's investments are stated at fair market value. Unrealized gains or losses are included in the Change of Net Assets.

Grants Receivable

Grants receivable consist of State grant monies earned and due to the Organization for bed nights provided, per the contract between Child Net, Inc. and the Organization. Management believes these amounts are fully realizable, and therefore there is no allowance for doubtful accounts.

Property and Equipment

The Organization capitalizes all property, furniture and equipment acquisitions in excess of \$1,000. Property and equipment are stated at cost, or if donated, fair value at the date of the gift less accumulated depreciation.

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, as follows:

<u>ASSETS</u>	<u>METHOD</u>	<u>LIFE</u>
Furniture & Equipment	SL	7 Years
Building	SL	40 Years
Building Improvements	SL	20 Years

**GRANDMA'S PLACE, INC.**  
**NOTED TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)**

Property and Equipment (Cont'd.)

Additions, improvements, and expenditures for repairs and maintenance that are material in nature and that significantly add to the productivity or extend the economic life of assets are capitalized. Any immaterial amounts or amounts incurred as recurring expenditures for repairs and maintenance are expensed.

Contributed Services

The Organization does not recognize any support, revenue or expense from services contributed by volunteers because they do not meet the criteria for measurement.

Contributions and Revenue

All donor restricted contributions or grants are reported as Temporarily Restricted Net Assets. When a donor restriction expires, that is, when either the stipulated time restriction ends or the purpose restriction is accomplished, Temporarily Restricted Net Assets are reclassified to Unrestricted Net Assets in the Statement of Activities.

Functional Classification of Expenses

In the accompanying Statement of Activities, expenses have been reported by their functional classification, a method of grouping expenses according to the purpose for which they were incurred. The primary functional classifications are program services and supporting activities. Program services are the activities that result in services being provided to members that fulfill the purposes or mission for which the organization exists. Supporting activities are all activities of an organization, other than program services, and are included in the financial statements as management and general expenses.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles include the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

**GRANDMA'S PLACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

**NOTE 2 – CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and investments. Accounts at each banking institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization also maintains cash and cash equivalents with accounts with an investment company that is a member of the New York Stock Exchange and the Securities Investor Protection Corporation (SIPC). The SIPC protects such investments up to \$500,000, including up to \$100,000 of cash and cash equivalents. As of June 30, 2018 the Organization had approximately \$185,042 of cash held at a bank. Management believes the Organization is not exposed to any significant credit risk on its cash and cash equivalents.

**NOTE 3 – FAIR VALUE MEASUREMENTS**

The Organization measures its financial instruments at fair value on a recurring basis in accordance with accounting principles generally accepted in the United States. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP provides a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities. These tiers include:

**Level 1** - defined as observable inputs such as quoted prices for identical instruments in active markets.

**Level 2** – defined as inputs other than quoted prices in active markets that are directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and

**Level 3** – defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one or more significant value drivers are observable. The fair value of the Organization's investments in mutual funds is based on quoted net asset values of the shares as of June 30, 2018, and thus is considered in **Level 1** of the fair value.

The Organization measures certain financial instruments at fair value on a recurring basis. Financial assets measured on a recurring basis are as follows at June 30, 2018:

**GRANDMA'S PLACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

**NOTE 3 – FAIR VALUE MEASUREMENTS**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash	\$ 152,075	-	-	\$ 152,075
Equity investments	571,859	-	-	571,859
	<u>\$ 723,934</u>	<u>-</u>	<u>-</u>	<u>\$ 723,934</u>

The Organization only as **Level 1** investments at June 30, 2018.

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment consists of the following as of June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Land	\$ 49,900	\$ 49,900
Building	301,380	301,380
Furniture and Equipment	84,604	67,827
Playground	1,038	8,342
Building Improvements	106,117	71,177
Vehicles	59,710	102,517
Computer Software	11,170	10,154
	<u>613,919</u>	<u>613,948</u>
Less: Accumulated Depreciation	240,743	245,254
<b>Property and Equipment, Net</b>	<u><b>\$ 373,176</b></u>	<u><b>\$ 368,994</b></u>

**NOTE 5 – CONCENTRATION**

The Organization received a substantial portion of its support from Child Net Inc. (CFC), a not-for-profit organization. The agreement between the Organization and the CFC extends until June 30, 2018, and may be renewed each year thereafter. The organization received 31% and 38% of its revenue from this source for the years ended June 30, 2018 and 2017, respectively.

**GRANDMA'S PLACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018 AND 2017**

**NOTE 6 – CONTINGENCIES**

The Organization receives a substantial amount of its support from the State of Florida. Any significant reduction in the level of support could have an adverse effect on the Organization's operational activities.

**NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS**

During the year ended June 30, 2018 the Organization received \$47,768 in contributions which have been classified as Temporarily Restricted Net Assets. The balance in Temporarily Restricted net Assets at June 30, 2017 was \$ 410.

**NOTE 8 – SUBSEQUENT EVENTS**

Management has evaluated events that occurred subsequent to the year end for potential recognition or disclosure in the financial statements, through the date on which the financial statements were available to be issued. The date when the financial statements were available to be issued was November 2, 2018.

# **Mark Escoffery, P.A.**

## **Certified Public Accountant**

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### **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  
Grandma's place, Inc.  
Royal Palm Beach, Florida

I have audited the financial statements of Grandma's Place, Inc. ("the Organization") (a nonprofit organization) as of and for the year ended June 30, 2018, and have issued my report thereon dated November 2, 2018. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Organization's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

*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.

My 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 over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.



To The Board of Directors  
Grandma's Place, Inc.  
Royal Palm Beach, Florida  
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatements, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of Management, others within the entity, the Board of Directors, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Mark E. Coffey, P. A.*

Palm Beach Gardens, Florida  
November 2, 2018