

INDEPENDENT AUDITORS' REPORT

and

FINANCIAL STATEMENTS

of

**Quigley House, Inc.**

For the Year Ended

June 30, 2018

With Summarized Comparative Financial  
Information for the Year Ended June 30, 2017

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# BODINE PERRY

MEMPHIS, TENNESSEE

## INDEPENDENT AUDITORS' REPORT

Board of Directors and Management  
Quigley House, Inc.  
Green Cove Springs, Florida

We have audited the accompanying financial statements of Quigley House, Inc., (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018 and the related statements of activities and changes in net assets, and cash flows for the year 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 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 auditors' 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.

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## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Quigley House, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

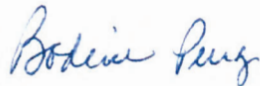
We have previously audited Quigley House, Inc.'s June 30, 2017 financial statements, and we expressed an unmodified opinion on the those audited financial statements in our report dated March 26, 2018. In our opinion, the summarized comparative financial information presented herein as of and for the year ended June 30, 2017, is consistent in all material respects, with the audited financial statements from which it was derived.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedule of functional expenses (page 23) 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 to the underlying accounting and other records used to prepare the financial statements or 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.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2019 on our consideration of Quigley House, Inc.'s internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Quigley House, Inc.'s internal control over financial reporting and compliance.



Bodine Perry  
Orange Park, FL  
June 20, 2019

**Quigley House, Inc.**  
**Statement of Financial Position**  
**June 30, 2018**  
**With Summarized Comparative Financial Information for June 30, 2017**

	June 30, 2018	For Comparative Purposes Only June 30, 2017
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 33,565	\$ 64,568
Accounts receivable	295,179	240,111
Gift cards	1,580	3,792
Prepaid expenses	27,734	14,949
<b>Total Current Assets</b>	<u>358,058</u>	<u>323,420</u>
<b>Noncurrent Assets</b>		
Long-term investments	1,093,063	1,260,467
Property, plant and equipment net of accumulated depreciation	3,542,052	3,632,149
Other assets	1,000	1,000
<b>Total Noncurrent Assets</b>	<u>4,636,115</u>	<u>4,893,616</u>
<b>Total Assets</b>	<u>\$ 4,994,173</u>	<u>\$ 5,217,036</u>

**Quigley House, Inc.**  
**Statement of Financial Position**  
**June 30, 2018**  
**With Summarized Comparative Financial Information for June 30, 2017**

**LIABILITIES AND NET ASSETS**

	<u>June 30, 2018</u>	<u>For Comparative Purposes Only June 30, 2017</u>
<b>Current Liabilities</b>		
Accounts payable	\$ 9,872	\$ 17,116
Accrued expenses	82,913	91,120
Noncurrent portion of long-term debt	<u>58,485</u>	<u>55,780</u>
<b>Total Current Liabilities</b>	<u>151,270</u>	<u>164,016</u>
<b>Noncurrent Liabilities</b>		
Long-term debt	<u>1,359,357</u>	<u>1,417,449</u>
<b>Total Noncurrent Liabilities</b>	<u>1,359,357</u>	<u>1,417,449</u>
<b>Total Liabilities</b>	<u>1,510,627</u>	<u>1,581,465</u>
<b>Net Assets</b>		
Unrestricted		
Undesignated	3,250,702	3,389,429
Board designated funds acting as an endowment	<u>90,000</u>	<u>90,000</u>
<b>Total Unrestricted</b>	3,340,702	3,479,429
Temporarily restricted	42,844	56,142
Permanently restricted	<u>100,000</u>	<u>100,000</u>
<b>Total Net Assets</b>	<u>3,483,546</u>	<u>3,635,571</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 4,994,173</u>	<u>\$ 5,217,036</u>

See independent auditors' report and notes to the financial statements

**Quigley House, Inc.**  
**Statement of Activities and Changes in Net Assets**  
**For the Year Ended June 30, 2018**  
**With Summarized Comparative Financial Information for June 30, 2017**

	June 30, 2018			Total	For Comparative Purposes Only June 30, 2017 Total
	Unrestricted	Temporarily restricted	Permanently restricted		
<b>Support and Revenue Support</b>					
Department of Children and Families	\$ 439,052	-	-	\$ 439,052	\$ 297,757
Office of Attorney General	397,593	-	-	397,593	454,014
FEMA Emergency Shelter Grant	-	-	-	-	2,631
Department of Health	155,266	-	-	155,266	145,298
Florida Council Against Sexual Violence	50,115	-	-	50,115	51,975
Clay County Board of Commissioners	44,235	-	-	44,235	52,620
United Way of North Florida	77,345	-	-	77,345	86,732
Combined Federal Campaign	2,256	-	-	2,256	898
Program fees	25,235	-	-	25,235	20,395
Other grants and contributions	190,769	-	-	190,769	166,557
Total Support	<u>1,381,866</u>	<u>-</u>	<u>-</u>	<u>1,381,866</u>	<u>1,278,877</u>
<b>Thrift Store Revenues</b>					
Thrift store sales	210,280	-	-	210,280	230,092
Less: store operations expenses	<u>(245,210)</u>	<u>-</u>	<u>-</u>	<u>(245,210)</u>	<u>(237,606)</u>
Total Thrift Store Revenues	<u>(34,930)</u>	<u>-</u>	<u>-</u>	<u>(34,930)</u>	<u>(7,514)</u>
<b>Other Revenues</b>					
Special events, net of direct cost	51,713	-	-	51,713	77,194
Investment income	21,747	14,002	-	35,749	93,590
Gain(loss) on disposal of assets	-	-	-	-	(9,430)
Other income	23,110	-	-	23,110	13,034
Total Revenues	<u>96,570</u>	<u>14,002</u>	<u>-</u>	<u>110,572</u>	<u>174,388</u>
<b>Net assets released from restrictions</b>					
Total Support and Revenues	<u>1,470,806</u>	<u>(13,298)</u>	<u>-</u>	<u>1,457,508</u>	<u>1,445,751</u>

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**Statement of Activities and Changes in Net Assets**  
**For the Year Ended June 30, 2018**  
**With Summarized Comparative Financial Information for June 30, 2017**

	June 30, 2018			For Comparative Purposes Only June 30, 2017 Total
	Unrestricted	Temporarily restricted	Permanently restricted	
<b>Total Support and Revenues</b>	\$ 1,470,806	\$ (13,298)	\$ -	\$ 1,457,508
<b>Functional Expenses</b>				
Program services	1,255,623	-	-	1,255,623
Management and general	295,878	-	-	295,878
Fundraising	58,032	-	-	58,032
Total Functional Expenses	1,609,533	-	-	1,609,533
<b>Increase (Decrease) in Net Assets</b>	<u>(138,727)</u>	<u>(13,298)</u>	<u>-</u>	<u>(152,025)</u>
<b>Net Assets, Beginning of the Year</b>	3,479,429	56,142	100,000	3,635,571
<b>Net Assets, End of the Year</b>	<u>\$ 3,340,702</u>	<u>\$ 42,844</u>	<u>\$ 100,000</u>	<u>\$ 3,483,546</u>
				<u>\$ 1,445,751</u>

See independent auditors' report and notes to the financial statements



**Quigley House, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2018**  
**With Summarized Comparative Financial Information for June 30, 2017**

	<u>June 30, 2018</u>	<u>For Comparative Purposes Only June 30, 2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (152,025)	\$ (6,161)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	126,843	127,232
Net (gains) losses on property and equipment	-	9,430
Net unrealized investment (gains) losses	5,018	(59,692)
(Increase) decrease in assets:		
Accounts receivable	(55,068)	(98,774)
Gift Cards	2,212	(1,421)
Prepaid expenses	(12,785)	(8,140)
Increase (decrease) in liabilities:		
Accounts payable	(7,244)	8,581
Accrued expenses	(8,207)	40,334
	<u>(101,256)</u>	<u>11,389</u>
<b>CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment sales	203,450	106,001
Investment purchases	(41,064)	(34,350)
Cash used to acquire property and equipment	(36,746)	(48,400)
	<u>125,640</u>	<u>23,251</u>
<b>CASH PROVIDED BY INVESTING ACTIVITIES</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on debt	(55,387)	(52,812)
	<u>(55,387)</u>	<u>(52,812)</u>
<b>CASH USED FOR FINANCING ACTIVITIES</b>		
<b>NET DECREASE IN CASH</b>	(31,003)	(18,172)
<b>CASH AT BEGINNING OF YEAR</b>	<u>64,568</u>	<u>82,740</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 33,565</u>	<u>\$ 64,568</u>

See independent auditors' report and notes to the financial statements

**Quigley House, Inc.**  
**Notes to Financial Statements**  
**June 30, 2018**  
**With Summarized Comparative Financial**  
**Information for the Year Ended June 30, 2017**

**NOTE 1. ORGANIZATION**

Quigley House, Inc. (Organization) is a comprehensive Domestic Violence and Sexual Assault Center serving the Clay County Area in Northeast Florida. Our mission is to provide advocacy and empowerment to victims of domestic violence and sexual assault while providing community education to heighten awareness.

Quigley House, Inc. is a Florida nonprofit corporation and has been approved as a 501(c)3 charitable organization by the Internal Revenue Service. The Organization was formed in 1988.

The Organization is supported primarily through donor contributions and grants. It is governed by a Board of Directors (Board) of not more than 35 members selected by the existing members of the Board.

Quigley House, Inc. operates several programs in order to fulfill its mission:

*24 Hour Shelter:*

Our shelter is staffed 24 hours a day, 7 days a week by trained resident advocates. Victims of domestic violence and sexual assault typically stay 8 weeks, depending on the individual case. We do not discriminate on the basis of age, gender, race, color, ethnicity, national origin, religion, marital status, sexual orientation, disability, gender identification or any other characteristic protected by law.

*24 Hour Crisis Hotline:*

The Hotline is staffed by trained advocates who provide crisis intervention, safety planning, information, and referral to primary and/or secondary victims of domestic violence and/or sexual assault.

*Sexual Assault Crisis Center:*

Trained sexual assault advocates provide crisis counseling, create safety plans, assist during optional forensic medical examinations, etc.

*Community Education:*

Presentations are provided to community businesses, practices, faith-based organizations, schools, and other similar organizations. The purpose of these presentations is to educate the community on the prevalence of domestic violence and sexual assault, identify tools for prevention and intervention, and build general awareness of Quigley House, Inc.'s services.

*Case Management:*

Our in-house case manager provides support and step-by-step assistance to individuals or families by helping them create sustainable living for themselves once they leave our shelter.

*Batterer's Intervention Program*

This program is provided for a fee based upon income.

**Quigley House, Inc.**  
**Notes to Financial Statements**  
**June 30, 2018**  
**With Summarized Comparative Financial**  
**Information for the Year Ended June 30, 2017**  
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*Pet Kennel:*

Statistics tell us that abusers will often use pets to gain power and control over their victims by neglect, physical abuse, or threatening to kill them. Since pets are part of the family, it is incredibly difficult to leave them behind. This will often deter victims from leaving their situations. With the addition of our pet kennel and small animal facility, we are able to accommodate our participants who bring their pets with them.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Financial Statement Presentation

The accounts of the Organization are presented in accordance with the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification 958. Under these standards, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash

For purposes of reporting total cash in the statement of financial position, cash includes operating accounts and interest-bearing accounts, all of which are subject to immediate withdrawal. Certificates of deposits with maturities of three months or less are considered to be cash equivalents.

Restricted and Unrestricted Revenue and Support

Contributions are generally available for unrestricted use unless specifically restricted by the donor.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Endowment contributions and investments are permanently restricted by the donor. Investment earnings with donor restrictions are recorded in temporarily or permanently restricted net assets based on the nature of the restrictions.

**Quigley House, Inc.**  
**Notes to Financial Statements**  
**June 30, 2018**  
**With Summarized Comparative Financial**  
**Information for the Year Ended June 30, 2017**  
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Donated Services

Donated professional services are recognized if the services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In addition, the Organization receives a significant amount of unskilled, donated time, which does not meet the recognition criteria described above. Accordingly, the value of this donated time has not been determined and is not reflected in the accompanying financial statements.

Donated Property

Gifts of any property or equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as restricted support.

Furniture, Fixtures and Equipment

Furniture, fixtures, and equipment are recorded at cost. Donated furniture, fixtures and equipment are recorded at fair market value.

The Organization follows the practice of capitalizing all expenditures for furniture, fixtures and equipment in excess of \$ 500. Depreciation is computed on the straight-line method over the estimated economic useful lives of five to ten years.

Depreciation

The Organization records depreciation under the straight-line method for book purposes and other accelerated methods for tax reporting. The following lives are generally used:

Buildings and improvements	5 - 39 years
Improvements	5 - 39 years
Computer equipment	3 - 5 years
Furniture and fixtures	5 - 7 years
Other assets	3 - 5 years

Impaired Assets

The Organization annually reviews the status of property and equipment held by the Organization for any impairment of those assets. Any such impairment would result in a permanent reduction in the recorded value of the asset. No such impairments existed at June 30, 2018 or June 30, 2017

**Quigley House, Inc.**  
**Notes to Financial Statements**  
**June 30, 2018**  
**With Summarized Comparative Financial**  
**Information for the Year Ended June 30, 2017**  
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Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable represent monthly billings for ongoing services provided to clients and amounts billed to various state agencies. Bad debts are accounted for under the allowance method. The allowance is based on experience and other circumstances. Historically, the Organization has not experienced any losses from uncollectable accounts receivable. Consequently, no allowance for doubtful collections exists, and none is anticipated in the immediate future.

Inventory and Store Sales

Quigley House, Inc. operates a retail thrift store in a stand-alone building located on Blanding Boulevard in Orange Park, FL. The retail store receives contributions of goods and materials (inventory) and processes these contributions as merchandise available for sale. Accounting standards generally accepted in the United States (U.S. GAAP) require that contributions be recognized as revenue or gains and as assets, decreases of liabilities, or expenses, depending on the form of benefits received, in the period received. U.S. GAAP further requires that these contributions should be measured at fair value.

The management of Quigley House, Inc. believes that the inventory of donated goods and materials described above is of such a nature that it is very challenging to reliably determine initial inventory value. Consequently, no amounts for inventory are recorded. The initial recording for the gifts occur when the item(s) are sold and revenue is recorded in the accounting system. Management believes that, due to the very low values involved, this practice represents a prudent approach, and the omission of this inventory is not material to the financial statements.

Use of Estimates

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

Tax Status

The Organization is exempt from income taxes under 501(c)(3) of the US Internal Revenue Code; accordingly, no provision for income taxes has been made in the accompanying financial statements. The Organization accounts for the effect of any uncertain tax positions based on a more likely than not threshold to the recognition of the tax positions being sustained based on the technical merits of the position under examination by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a cumulative probability assessment that aggregates the estimated tax liability for all uncertain tax positions. Tax positions of the Organization include, but are not limited to, the tax-exempt status and determination of whether income is subject to unrelated business income tax; however, the Organization has determined that such tax positions do not result in an uncertainty requiring recognition.

**Quigley House, Inc.**  
**Notes to Financial Statements**  
**June 30, 2018**  
**With Summarized Comparative Financial**  
**Information for the Year Ended June 30, 2017**  
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Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and further detailed in the supplementary schedule of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**NOTE 3. CASH**

Cash consist of the following:

	<u>2018</u>	<u>2017</u>
Operations	\$ 27,462	\$ 62,032
Savings	518	516
Brokerage account cash	4,935	1,770
Petty cash	650	250
	<u>\$ 33,565</u>	<u>\$ 64,568</u>

**NOTE 4. INVESTMENTS**

Investments are composed of certificates of deposit and mutual funds investing in debt and equity securities. Investments may include stocks, government securities and corporate bonds from time to time. Investments are carried at fair value.

Investments in debt and equity securities have readily determinable market values and are stated at fair value in the statements of financial position. Increases and decreases in fair values are included in the statements of activities. The following schedule summarizes the balances and investment returns for debt and equity securities are as follows:

Mutual Funds	<u>2018</u>	<u>2017</u>
Balance at the beginning of the period	\$ 866,768	\$ 882,834
Dividend reinvestments	36,222	30,243
Amount realized on sales	(203,450)	(106,001)
Unrealized gains and (losses)	(5,018)	59,692
Balance at the end of the period	<u>\$ 694,522</u>	<u>\$ 866,768</u>

**Quigley House, Inc.**  
**Notes to Financial Statements**  
**June 30, 2018**  
**With Summarized Comparative Financial**  
**Information for the Year Ended June 30, 2017**  
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Cost basis of mutual funds and transactions are as follows:

	<u>2018</u>	<u>2017</u>
Cost basis at the beginning of the period	\$ 821,479	\$ 911,875
Dividend reinvestments	36,222	30,243
Cost of investments sold	<u>(186,026)</u>	<u>(120,639)</u>
Cost basis at the end of the period	<u>\$ 671,675</u>	<u>\$ 821,479</u>

Realized gains and losses on sales of mutual funds are as follows:

	<u>2018</u>	<u>2017</u>
Realized gains and (losses)	<u>\$ 17,424</u>	<u>\$ (14,638)</u>

Investments in equity securities and their corresponding cash accounts are held within a brokerage firm account. Investment fees are as follows:

	<u>2018</u>	<u>2017</u>
Fees	<u>\$ 300</u>	<u>\$ 450</u>

Certificates of deposit with original maturities greater than three months and remaining maturities less than one year are classified as "short-term investments." Certificates of deposit with remaining maturities greater than one year are classified as "long-term investments." Certificates of deposit are carried at the amount initially invested plus accrued interest. Investment returns for certificates of deposit are summarized as follows:

Certificates of Deposits	<u>2018</u>	<u>2017</u>
Balance at the beginning of the period	\$ 393,699	\$ 389,592
Interest	4,842	4,107
Balance at the end of the period	<u>\$ 398,541</u>	<u>\$ 393,699</u>

Total investments represent the fair value of the mutual funds and the fair value of the certificates of deposit:

	<u>2018</u>	<u>2017</u>
Total Investments at fair value		
Certificates of Deposits	\$ 398,541	\$ 393,699
Mutual Funds	<u>694,522</u>	<u>866,768</u>
Total investments at fair value	<u>\$ 1,093,063</u>	<u>\$ 1,260,467</u>

**Quigley House, Inc.**  
**Notes to Financial Statements**  
**June 30, 2018**  
**With Summarized Comparative Financial**  
**Information for the Year Ended June 30, 2017**  
**-continued-**

**NOTE 5. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	<u>2018</u>	<u>2017</u>
Land	\$ 721,898	\$ 721,898
Buildings and improvements	3,096,131	3,096,131
Furniture and equipment	802,988	766,242
Vehicles	<u>60,343</u>	<u>60,343</u>
	4,681,360	4,644,614
Less accumulated depreciation	<u>(1,139,308)</u>	<u>(1,012,465)</u>
Net property and equipment	<u>\$ 3,542,052</u>	<u>\$ 3,632,149</u>

Depreciation expense for the years ended June 30, 2018 and 2017 were \$ 126,843 and \$ 127,232 respectively.

**NOTE 6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accounts payable consist of trade payables. Accrued expenses consist of payroll taxes payable and associated liabilities, accrued wages, and accrued compensated absences. Accrued compensated absences represent unused vacation time which is payable to the employees upon termination of employment.



**Quigley House, Inc.**  
**Notes to Financial Statements**  
**June 30, 2018**  
**With Summarized Comparative Financial**  
**Information for the Year Ended June 30, 2017**  
**-continued-**

**NOTE 7. DEBT**

Debt consists of the following notes payable:

	<u>2018</u>	<u>2017</u>
Note payable, Regions Bank	\$ 764,711	\$ 796,581
<p>The original note was dated July, 2008 for \$ 1,000,000. Monthly payments are \$ 6,092 which includes interest at an annual rate of 5.25%. The note matures with the remaining balance due in July, 2018. The note is secured by the thrift store building and property. This note was subsequently refinanced with Fidelity Bank. The terms of the new note are monthly payments of \$ 4,958 which includes interest at an annual rate of 4.6%. The new note matures in June, 2038.</p>		
Note payable, Regions Bank	653,131	676,648
<p>The note was converted from a construction loan agreement dated June, 2015. Monthly payments are \$ 4,238 which include annual interest at a rate of 3.99%. The loan matures in June, 2026. The note is secured by the administrative building and property.</p>		
Total debt	1,417,842	1,473,229
Less current portion	(58,485)	(55,780)
Long-term debt	\$ 1,359,357	\$ 1,417,449

The following table summarizes the principal requirements for the next five years:

6/30/2019	\$	58,485
6/30/2020		51,617
6/30/2021		53,875
6/30/2022		56,233
6/30/2023		58,693
Thereafter		1,138,939
Total	\$	1,417,842

**Quigley House, Inc.**  
**Notes to Financial Statements**  
**June 30, 2018**  
**With Summarized Comparative Financial**  
**Information for the Year Ended June 30, 2017**  
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**NOTE 8. LEASES**

The Organization leases facilities under various operating leases for use by the Batterer's Intervention Program. The leases are month-to-month arrangements with the total annual lease amount of \$ 2,400. The Organization receives an in-kind donation for use of facilities (See Note 15). Total cash paid for leases for the year ended June 30, 2018 and 2017 was \$ 2,100 and \$ 2,400 respectively.

**NOTE 9. NET ASSETS**

Unrestricted net assets consist of the following:

	<u>2018</u>	<u>2017</u>
Undesignated	\$ 3,250,702	\$ 3,389,429
Board designated funds acting as an endowment	<u>90,000</u>	<u>90,000</u>
<b>Total Unrestricted Net Assets</b>	<b><u>\$ 3,340,702</u></b>	<b><u>\$ 3,479,429</u></b>

Temporarily restricted net assets represent accumulated contributions held for donor specified purposes. Temporarily restricted net assets are summarized as follows:

<u>Available for</u>	<u>2017</u>	<u>Additions</u>	<u>Released</u>	<u>2018</u>
The benefit of children	<u>\$ 56,142</u>	<u>\$ 14,002</u>	<u>\$ (27,300)</u>	<u>\$ 42,844</u>
<b>Totals</b>	<b><u>\$ 56,142</u></b>	<b><u>\$ 14,002</u></b>	<b><u>\$ (27,300)</u></b>	<b><u>\$ 42,844</u></b>

Permanently restricted net assets represent endowment funds and are summarized as follows:

<u>Source</u>	<u>2017</u>	<u>Additions</u>	<u>Released</u>	<u>2018</u>
Jaguars Endowment	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,000</u>

See Note 10 for further information on the endowment and permanently restricted net assets.

**Quigley House, Inc.**  
**Notes to Financial Statements**  
**June 30, 2018**  
**With Summarized Comparative Financial**  
**Information for the Year Ended June 30, 2017**  
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**NOTE 10. ENDOWMENT**

The Organization has an endowment from the Jacksonville Jaguars Foundation. The initial contribution was \$ 100,000 and is permanently restricted. The endowment agreement specified that income and appreciation is restricted for the use by programs for the benefit of persons under the age of 18 and are thus temporarily restricted net assets. The board's policy is to invest the endowment in debt and equity securities.

Changes in the Board designated, temporarily restricted, and permanently restricted components of the endowment for the year ended June 30, 2018 are as follows:

	<u>Board Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	Totals
Beginning Balance, June 30, 2017	\$ 90,000	\$ 56,142	\$ 100,000	\$ 246,142
Investment income - net of fees	-	14,002	-	14,002
Program expenditures	-	(27,300)	-	(27,300)
Board contribution	-	-	-	-
Ending Balance, June 30, 2018	<u>\$ 90,000</u>	<u>\$ 42,844</u>	<u>\$ 100,000</u>	<u>\$ 232,844</u>

The composition of the endowment investments and activity are as follows:

	<u>2018</u>	<u>2017</u>
Mutual Funds - beginning balance	\$ 245,335	\$ 248,549
Dividends	13,345	9,785
Capital appreciation	804	17,001
Sales	(27,300)	(30,000)
Mutual Funds - Ending balance	<u>232,184</u>	<u>245,335</u>
Brokerage cash - beginning balance	807	1,007
Interest	3	-
Fees	(150)	(200)
Brokerage cash - ending balance	<u>660</u>	<u>807</u>
Ending Endowment assets	<u>\$ 232,844</u>	<u>\$ 246,142</u>

**NOTE 11. RETIREMENT PLAN**

The Organization sponsors a 403(b) Plan for eligible employees. Plan cost including, discretionary or matching contributions, for the year ended June 30, 2018 were \$ 10,634. The Organization made no discretionary contribution for the year ended June 30, 2017.

**Quigley House, Inc.**  
**Notes to Financial Statements**  
**June 30, 2018**  
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**NOTE 12. CONCENTRATIONS AND CREDIT RISKS**

The Organization maintains cash accounts with institutions insured by the Federal Deposit Insurance Corporation (FDIC) and National Credit Union Administration (NCUA). This insurance is limited to \$ 250,000 per depositor. The amount in excess of insurance limits at June 30, 2018 and 2017 was \$ 148,541 and \$ 143,699 respectively. Such excesses are considered a contingent risk under generally accepted accounting principles. Additionally, cash held in brokerage accounts is uninsured.

Investment securities are subject to various risks, such as interest rate risk, credit risk and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that the changes in the value of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements.

The Organization receives a significant portion of its funding from government sources. Thus, its funding is vulnerable to changes in the legislative priorities of the county, state and federal governments. The Organization's management does not expect that the support from these government agencies will be lost in the near term.

**NOTE 13. SUBSEQUENT EVENTS**

In preparing these financial statements, the Organization evaluated events and transactions for potential recognition or disclosure through June 20, 2019, the date the financial statements were available to be issued

**NOTE 14. STATEMENT OF CASH FLOWS**

The statement of cash flows is presented using the indirect method. No amounts were paid for income taxes, nor were there any significant noncash transaction for the period ended June 30, 2018 or June 30, 2017. Mortgage interest paid for the year ended June 30, 2018 was \$ 68,565. Mortgage interest for the year ended June 30, 2017 was \$ 63,367.

**NOTE 15. IN-KIND DONATIONS**

The Clay County Board of Commissioners donated the use of facilities located at the courthouse. The fair value of the space has been determined to be \$ 15,882 for the year ended June 30, 2018 and \$ 12,588 for the year ended June 30, 2017. The Organization also receives donations of gift cards from time to time. The Organization records these cards for their face amount as cash donations. These donations are included in the "Other grants and contributions" line on the statement of activities and changes in net assets (page 5). The amounts are expensed when used or provided to program participants.

**Quigley House, Inc.**  
**Notes to Financial Statements**  
**June 30, 2018**  
**With Summarized Comparative Financial**  
**Information for the Year Ended June 30, 2017**  
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**NOTE 16. FAIR VALUE MEASUREMENTS**

FASB ASC Topic 820 Fair Value Measurements and Disclosures, establishes a framework for measuring fair value. The 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of value hierarchy under FASB ASC Topic 820 are described as follows:

*Level 1 Fair Value Measurements*

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

*Level 2 Fair Value Measurements*

Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are delivered principally from or corroborated by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3 Fair Value Measurements*

Inputs to the valuation methodology are unobservable and significant to the fair value measurements.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used to maximize the use of observable inputs and minimize the use of unobservable measurements.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2018 and 2017.

The investments of the Organization are valued at the closing price reported in the active markets in which they are traded.

**Quigley House, Inc.**  
**Notes to Financial Statements**  
**June 30, 2018**  
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The preceding method described may produce fair value calculations that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Organization believes its valuation is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value could result in a different fair value measurement at the reporting date.

The following tables summarize by level the fair value hierarchy of the Organization's investments at fair value as of June 30, 2018 and 2017.

Assets at Fair Value as of June 30, 2018

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	Total
Certificates of Deposits	\$ 398,541	\$ -	\$ -	\$ 398,541
Mutual Funds	<u>694,522</u>	<u>-</u>	<u>-</u>	<u>694,522</u>
Total assets in fair value hierarchy	<u>\$ 1,093,063</u>	<u>\$ -</u>	<u>\$ -</u>	
Investments at fair value				<u>\$ 1,093,063</u>

Assets at Fair Value as of June 30, 2017

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	Total
Certificates of Deposits	\$ 393,699	\$ -	\$ -	\$ 393,699
Mutual Funds	<u>866,768</u>	<u>-</u>	<u>-</u>	<u>866,768</u>
Total assets in fair value hierarchy	<u>\$ 1,260,467</u>	<u>\$ -</u>	<u>\$ -</u>	
Investments at fair value				<u>\$ 1,260,467</u>

**SUPPLEMENTARY INFORMATION**

**Quigley House, Inc.**  
**Supplementary Schedule of Functional Expense**  
**For the Year Ended June 30, 2018**  
**With Summarized Comparative Financial Information for June 30, 2017**

	Program Services	General and Administrative		Fundraising	Thrift Store	June 30, 2018 Total	For Comparative Purposes Only June 30, 2017 Total
		\$	\$				
Compensation	\$ 636,824	\$ 212,409	\$ 47,013	\$ 108,692	\$ 1,004,938	\$ 961,132	
Payroll taxes	63,087	21,939	4,816	12,507	102,349	88,332	
Health insurance	18,976	19,135	4,200	980	43,291	46,668	
Benefits	9,983	2,557	-	939	13,479	-	
<b>Total Compensation and related expenses</b>	<b>728,870</b>	<b>256,040</b>	<b>56,029</b>	<b>123,118</b>	<b>1,164,057</b>	<b>1,096,132</b>	
Advertising	447	-	-	-	447	216	
Accounting, audit, and other professional fees	22,134	1,055	-	891	24,080	20,419	
Bank charges	34	1,794	349	4,332	6,509	5,481	
Mortgage interest	26,935	-	-	41,630	68,565	63,367	
Rent	20,982	-	-	-	20,982	14,988	
Building occupancy	12,480	-	-	-	12,480	24,833	
Consumable supplies	12,574	-	-	858	13,432	8,175	
Direct client expenses	105,173	-	-	-	105,173	39,061	
Fees and licenses	4,414	250	-	628	5,292	3,942	
Insurance	34,185	-	-	-	34,185	31,028	
Community education	611	-	-	-	611	3,863	
Miscellaneous	1,837	2,917	-	125	4,879	4,356	
Postage	1,181	243	49	-	1,473	1,354	
Utilities	35,330	-	-	21,188	56,518	40,763	
Telephone	19,347	-	47	3,418	22,812	19,332	

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**Quigley House, Inc.**  
**Supplementary Schedule of Functional Expense**  
**For the Year Ended June 30, 2018**  
**With Summarized Comparative Financial Information for June 30, 2017**  
- continued from previous page -

	Program Services	General and Administrative	Fundraising	Thrift Store	June 30, 2018 Total	For Comparative Purposes Only June 30, 2017 Total
Printing	5,910	76	220	-	6,206	1,154
Office supplies	18,288	83	1,338	1,450	21,159	16,478
Repairs and maintenance	97,460	-	-	15,753	113,213	45,962
Dues and subscriptions	8,558	3,134	-	-	11,692	9,719
Security	3,587	-	-	299	3,886	18,139
Website	204	-	-	-	204	204
Travel, conferences, and seminars	21,653	1,914	-	808	24,375	35,627
SAC expenses	5,671	-	-	-	5,671	57,693
Depreciation	67,758	28,372	-	30,712	126,842	127,232
Subtotal	1,255,623	295,878	58,032	245,210	1,854,743	1,689,518
Less Thrift Store				(245,210)	(245,210)	(237,606)
Total Functional Expenses	\$ 1,255,623	\$ 295,878	\$ 58,032	\$ -	\$ 1,609,533	\$ 1,451,912

**OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

# BODINE PERRY

*Public Accountants*

## 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 and Management  
Quigley House, 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 Quigley House, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 20, 2019.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Quigley House, 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 Quigley House, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Quigley House, Inc.'s internal control.

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

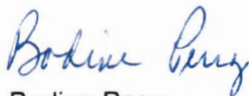
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Quigley House, 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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Bodine Perry  
Orange Park, FL  
June 20, 2019

# BODINE PERRY

*Public Accountants*

## **Communication with Those Charged with Governance at the Conclusion of the Audit**

To the Board of Directors and Management  
Quigley House, Inc.

We have audited the financial statements of Quigley House, Inc. for the year ended June 30, 2018, and we will issue our report thereon dated June 20, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 1, 2019. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Matters

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Quigley House, Inc. are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2018. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements was (were):

Management's estimate of the collectability of grants and accounts receivable at June 30, 2018. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements was (were):

The disclosure of net assets in Note 9 to the financial statements which include temporarily restricted net assets. We performed procedures to establish the existence or nonexistence of temporarily restricted net assets and then compared to your general ledger balances at year end.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The following material misstatement detected as a result of audit procedures were corrected by management: Accrued payroll and payroll tax were understated by \$ 19,771.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated June 20, 2019.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We did encounter two issues during the audit that we would like to bring to your attention.

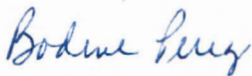
1. We performed a projection of the accrued wages and payroll taxes at the end of the year ended June 30, 2018 and compared to your general ledger balance. Our projection was considerably more than your recorded amount. Your staff and the board treasurer recalculated that amount and proposed an adjustment which brought your general ledger amount in agreement with our projected amount.
2. We received the information required to complete our audit very late in the subsequent year. This resulted in scheduling problems and a delay in what we would consider a timely completion of the audit. We realize there have been some extenuating circumstances in the past year. However, we feel that, should this continue, it could eventually jeopardize the Organization's status with its various funding sources.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the board of directors of Quigley House, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Bodine Perry  
Orange Park, FL  
June 20, 2019

Quigley House, Inc.  
 Uncorrected Misstatement (Passed AJEs)  
 For the Year Ended June 30, 2018

Nature of Audit Difference	F Factual J Judgmental P Projected	Amount
Prepays overstated	P Projected	\$ 1,477
Accounts payable understated	P Projected	(2,968)
Debt understated	P Projected	(78)
AMEX payable understated	P Projected	(5,574)
Income understated	P Projected	(1,448)
Other payroll liabilities understated	P Projected	(1,018)
Total		\$ (9,609)