Quigley House, Inc.

Independent Auditors' Report and Financial Statements

For the Year Ended
June 30, 2019

With Summarized Comparative Financial Information for the Year Ended
June 30, 2018

BODINE PERRY
Certified Public Accountants & Business Analysts
Plan. Execute. Win.

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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, 2019 and the related statements of activities and changes in net assets, functional expenses, 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.

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, 2019, 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, 2018 financial statements, and we expressed an unmodified opinion on the those audited financial statements in our report dated June 20, 2019. In our opinion, the summarized comparative financial information presented herein as of and for the year ended June 30, 2018, is consistent in all material respects, with the audited financial statements from which it was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2020 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.

Orange Park, FL
January 31, 2020

Quigley House, Inc.

Statement of Financial Position
June 30, 2019

With Summarized Financial Information for June 30, 2018

ASSETS

	June 30, 2019	For Comparative Purposes Only June 30, 2018
Current Assets		
Cash and cash equivalents	$ 80,842	$ 33,565
Accounts receivable	182,904	295,179
Gift cards	3,637	1,580
Prepaid expenses	23,694	27,734
Total Current Assets	291,077	358,058
Noncurrent Assets		
Long-term investments	1,078,954	1,093,063
Property, plant and equipment net of accumulated depreciation	3,423,065	3,542,052
Other assets	1,000	1,000
Total Noncurrent Assets	4,503,019	4,636,115
Total Assets	**$ 4,794,096**	**$ 4,994,173**

Quigley House, Inc.

Statement of Financial Position
June 30, 2019

With Summarized Financial Information for June 30, 2018

LIABILITIES AND NET ASSETS

	June 30, 2019	For Comparative Purposes Only June 30, 2018
Current Liabilities		
Accounts payable	$ 27,403	$ 9,872
Accrued expenses	98,821	82,913
Current portion of long-term debt	51,617	58,485
Total Current Liabilities	177,841	151,270
Noncurrent Liabilities		
Long-term debt	1,330,248	1,359,357
Less unamortized debt issuance cost	(7,720)	-
Total Noncurrent Liabilities	1,322,528	1,359,357
Total Liabilities	1,500,369	1,510,627
Net Assets		
Without donor restrictions	3,158,923	3,340,702
With donor restrictions	134,804	142,844
Total Net Assets	3,293,727	3,483,546
Total Liabilities and Net Assets	**$ 4,794,096**	**$ 4,994,173**

Quigley House, Inc.

Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2019

With Summarized Financial Information for the Year Ended June 30, 2018

	June 30, 2019			For Comparative Purposes Only
	Without Donor Restrictions	With Donor Restrictions	Total	June 30, 2018 Total
Support and Revenue				
Support				
Department of Children and Families	$ 458,106	$ -	$ 458,106	$ 439,052
Office of Attorney General	416,091	-	416,091	397,593
Department of Health	143,845	-	143,845	155,266
Florida Council Against Sexual Violence	50,454	-	50,454	50,115
Clay County Board of Commissioners	54,799	-	54,799	44,235
United Way of North Florida	75,809	-	75,809	77,345
Combined Federal Campaign	864	-	864	2,256
Program fees	7,550	-	7,550	25,235
Other grants and contributions	275,584	-	275,584	190,769
Total Support	**1,483,102**	**-**	**1,483,102**	**1,381,866**
Thrift Store Revenues				
Thrift store sales	187,512	-	187,512	210,280
Less: store operations expenses	(241,301)	-	(241,301)	(245,210)
Total Thrift Store Revenues	**(53,789)**	**-**	**(53,789)**	**(34,930)**
Other Revenues				
Special events, net of direct cost	39,352	-	39,352	51,713
Investment income	24,300	11,610	35,910	35,749
Other income	450	-	450	23,110
Total Revenues	**64,102**	**11,610**	**75,712**	**110,572**
Net assets released from restrictions	19,650	(19,650)	-	-
Total Support and Revenues	**1,513,065**	**(8,040)**	**1,505,025**	**1,457,508**

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Quigley House, Inc.

Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2019

With Summarized Financial Information for the Year Ended June 30, 2018

	June 30, 2019			For Comparative Purposes Only
	Without Donor Restrictions	With Donor Restrictions	Total	June 30, 2018 Total
Functional Expenses				
Program services	$ 1,382,147	$ -	$ 1,382,147	$ 1,255,623
Management and general	258,064	-	258,064	295,878
Fundraising	54,633	-	54,633	58,032
Total Functional Expenses	1,694,844	-	1,694,844	1,609,533
Increase (Decrease) in Net Assets	(181,779)	(8,040)	(189,819)	(152,025)
Net Assets, Beginning of the Year	3,340,702	142,844	3,483,546	3,635,571
Net Assets, End of the Year	$ 3,158,923	$ 134,804	$ 3,293,727	$ 3,483,546

Quigley House, Inc.

Statement of Functional Expense
For the Year Ended June 30, 2019

With Summarized Financial Information for the Year Ended June 30, 2018

	June 30, 2019					For Comparative Purposes Only
	Program Services	General and Administrative	Fundraising	Thrift Store	Total	June 30, 2018 Total
Compensation and related expenses						
Compensation	$ 764,772	$ 171,380	$ 45,530	$ 120,910	$ 1,102,592	$ 1,004,938
Payroll taxes	71,291	16,161	5,102	12,330	104,884	102,349
Health insurance	36,061	8,078	-	862	45,001	43,291
Benefits	10,152	3,686	-	2,145	15,983	13,479
Total Compensation and related expenses	882,276	199,305	50,632	136,247	1,268,460	1,164,057
Advertising	-	-	-	-	-	447
Accounting and other professional fees	22,357	1,001	170	994	24,522	24,080
Bank charges	-	980	2,170	4,536	7,686	6,509
Mortgage interest	16,261	1,278	-	36,087	53,626	68,565
Rent	21,760	-	-	-	21,760	20,982
Building occupancy	26,867	460	-	-	27,327	12,480
Consumable supplies	12,061	-	-	1,362	13,423	13,432
Direct client expenses	103,055	-	-	-	103,055	105,173
Fees and licenses	3,701	443	34	204	4,382	5,292
Insurance	37,971	10,333	-	-	48,304	34,185
Community education	330	-	-	-	330	611
Miscellaneous	112	10,071	-	36	10,219	4,879
Postage	617	323	55	-	995	1,473
Utilities	37,153	11	-	11,625	48,789	56,518
Telephone	18,974	775	300	3,635	23,684	22,812

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Quigley House, Inc.

Statement of Functional Expense
For the Year Ended June 30, 2019

With Summarized Financial Information for the Year Ended June 30, 2018

	June 30, 2019					For Comparative Purposes Only June 30, 2018
	Program Services	General and Administrative	Fundraising	Thrift Store	Total	Total
Printing	1,459	-	-	104	1,563	6,206
Office supplies	25,776	3,052	1,023	666	30,517	21,159
Repairs and maintenance	17,397	45	-	7,999	25,441	113,213
Dues and subscriptions	8,218	2,116	34	-	10,368	11,692
Security	1,600	-		276	1,876	3,886
Website and IT services	29,944	-	-	-	29,944	204
Travel, conferences, and seminars	15,815	1,509	215	1,225	18,764	24,375
SAC expenses	31,199	-	-	-	31,199	5,671
Vehicle	-	-	-	3,600	3,600	-
Depreciation	67,244	26,362	-	32,705	126,311	126,842
Subtotal	1,382,147	258,064	54,633	241,301	1,936,145	1,854,743
Less Thrift Store				(241,301)	(241,301)	(245,210)
Total Functional Expenses	$ 1,382,147	$ 258,064	$ 54,633	$ -	$ 1,694,844	$ 1,609,533

Quigley House, Inc.

Statement Cash Flows
For the Year Ended June 30, 2019

With Summarized Financial Information for the Year Ended June 30, 2018

	June 30, 2019	For Comparative Purposes Only June 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (189,819)	$ (152,025)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	126,311	126,842
Amortization of loan fees	858	-
Net unrealized investment (gains) losses	1,584	5,018
(Increase) decrease in assets:		
Accounts receivable	112,275	(55,068)
Gift cards	(2,057)	2,212
Prepaid expenses	4,040	(12,785)
Increase (decrease) in liabilities:		
Accounts payable	17,531	(7,244)
Accrued expenses	15,908	(8,206)
CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	86,631	(101,256)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment sales	50,000	203,450
Investment purchases	(37,475)	(41,064)
Cash used to acquire property and equipment	(7,324)	(36,746)
CASH PROVIDED BY INVESTING ACTIVITIES	5,201	125,640
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from new loans	777,000	-
Cash paid for loan fees	(8,578)	-
Principal payments on debt	(812,977)	(55,387)
CASH USED FOR FINANCING ACTIVITIES	(44,555)	(55,387)
NET DECREASE IN CASH	47,277	(31,003)
CASH AT BEGINNING OF YEAR	33,565	64,568
CASH AT END OF YEAR	**$ 80,842**	**$ 33,565**
Supplementary Disclosures		
Cash paid for Interest	$ 52,768	$ 68,565

Note A - 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.

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 B - Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The financial statements of Quigley House, Inc. have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

> **Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Quigley House, Inc.'s management and the board of directors.
>
> **Net assets with donor restrictions**: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.
>
> Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Cash and Cash Equivalents

The Organization considers all short-term securities with a maturity date of 3 months or less to be cash equivalents for cash flow purposes.

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 (US 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. US 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 occurs 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.

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.

Note B - Summary of Significant Accounting Policies - continued

Property and Equipment

Property 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

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
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, 2019 or June 30, 2018.

Statement of Cash Flows

The statement of cash flows is prepared and presented according to the indirect method.

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.

Revenue Recognition

The Organization reports gifts and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purposed restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions reported in the statements of activities as net assets released from restriction.

Gifts of land, buildings, and 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. Absent explicit donor stipulations about how long those long-lived assets musts be maintained, the Organization reports donated or acquired long lived assets as net assets without donor restrictions when placed in service.

Note B - Summary of Significant Accounting Policies – continued

Contributed Services

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with the operation of the Shelter and other programs. Management estimates the fair value of volunteer hours to be in excess of $ 70,000 annually. The volunteer hours have not been recorded in the statement of activities as they do not meet the criteria for inclusion under current accounting guidance.

Income Taxes

The Organization has elected to be treated under the provisions of the Internal Revenue Code as an 501(c)(3) corporation, whereby the Organization is exempt from Federal taxation. The Organization has elected to be treated under the provisions of the Florida Revenue and Taxation Code sections 17.22 (a). As such, the Organization normally does not have an income tax liability. However, under Internal Revenue Code 501(a), exempt organizations that derive income from unrelated business source are subject to tax on their net unrelated business taxable income. For the year ended June 30, 2019, the Organization expects to have no taxable income from unrelated business income. Consequently, the Organization has not made an accrual for any unrelated business income tax provision. The Organization also had no liability for taxes from unrelated business taxable income for the year ended June 30, 2018.

Changes to Financial Statement Presentation

The Organization may change the presentation of selected assets, liabilities, revenues or expenses to facilitate comparability between years. This change is simply for ease of comparison and does not result in any adjustment to financial position, activities or changes in net assets or cash flows.

Cost Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include: compensation and benefits, which are allocated on the basis of estimates of time and effort; depreciation and occupancy, which are allocated based upon an identified property or percent of shared space, depending on the circumstance. Other cost such at insurance, utilities, communications, etc. are likewise allocated based on the circumstance.

Note C - Cash

Cash consist of the following:

	June 30, 2019	June 30, 2018
Non-interest bearing	$ 75,020	$ 27,462
Interest bearing	5,172	5,453
Petty cash	650	650
	$ 80,842	$ 33,565

Note D - 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 considered to be available for sale and are carried at fair value in the statements of financial position.

Investments at fair value consist of the following:

	June 30, 2019	June 30, 2018
Certificates of Deposits	$ 404,358	$ 398,541
Mutual Funds	674,596	694,522
Total investments at fair value	$ 1,078,954	$ 1,093,063

Increases and decreases in fair value of investments are included in the statement of activities. The following schedules summarize the investment returns:

	June 30, 2019		
	With Restrictions	Without Restrictions	Total
Dividends and interest	$ 12,746	$ 24,733	$ 37,479
Realized Gains (losses)	-	212	212
Unrealized Gains (losses)	(986)	(495)	(1,481)
Fees	(150)	(150)	(300)
Investment income - net	$ 11,610	$ 24,300	$ 35,910

	June 30, 2018		
	With Restrictions	Without Restrictions	Total
Dividends and interest	$ 13,345	$ 27,719	$ 41,064
Realized Gains (losses)	7,219	10,205	17,424
Unrealized Gains (losses)	(6,412)	(16,027)	(22,439)
Fees	(150)	(150)	(300)
Investment income - net	$ 14,002	$ 21,747	$ 35,749

Note E - Property and Equipment

Property and equipment consist of the following:

	June 30, 2019	June 30, 2018
Land	$ 721,898	$ 721,898
Buildings and improvements	3,101,728	3,096,131
Furniture and equipment	804,715	802,988
Vehicles	60,343	60,343
	4,688,684	4,681,360
Less accumulated depreciation	(1,265,619)	(1,139,308)
Net property and equipment	$ 3,423,065	$ 3,542,052

Note F - 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.

Note G - Notes Payable

The Organization has the following notes payable:

	June 30, 2019		June 30, 2018	
	Principal	Unamortized Debt Issuance Costs	Principal	Unamortized Debt Issuance Costs
Note payable, Regions Bank 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 was secured by the thrift store building and property. This note was subsequently refinanced with Fidelity Bank.	$ -	$ -	$ 764,711	$ -
Note payable, Fidelity Bank The note was dated July, 2018 for $ 777,000. The terms of the note are monthly payments of $ 4,958 which includes interest at an annual rate of 4.6%. The note matures in June 2038. The purpose of the loan was to refinance the thrift store mortgage formerly at Regions Bank The mortgage is secured by the thrift store building and property.	754,806	7,720	-	-
Note payable, Regions Bank 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.	627,059	-	653,131	-
Total debt	1,381,865	7,720	1,417,842	-
Less current portion	(51,617)		(58,485)	
Long-term debt	$1,330,248	$ 7,720	$1,359,357	$ -

Note G - Notes Payable - continued

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

6/30/2020	$	51,617
6/30/2021		53,875
6/30/2022		56,233
6/30/2023		58,693
6/30/2024		61,263
Thereafter		1,100,184
Total	$	1,381,865

Note H - Leases

The Organization leased facilities under various operating leases for use by the Batterer's Intervention Program in 2018. The lease was month-to-month. The program was canceled during the year ended June 30, 2018. Thus, no payments were made for the year ended June 30, 2019. Payments for the year ended June 30, 2018 were $ 2,100.

The Organization leases two copiers under operating lease arrangements. The terms of the lease allow Quigley House, Inc. to either purchase the equipment at fair value, renew the lease, or return the equipment at the end of the lease agreements. Remaining non-cancellable payments under the leases are as follows:

For the year ending	6/30/2020	$	3,720
	6/30/2021		2,476
	Total	$	6,196

Note I - Net Assets

Net assets without donor restriction consist of the following:

	June 30, 2019	June 30, 2018
Undesignated	$ 3,068,923	$ 3,250,702
Board designated funds acting as an endowment	90,000	90,000
Total Net Assets without Donor Restrictions	$ 3,158,923	$ 3,340,702

The components of, and changes therein, of net assets with donor restrictions are summarized below

	June 30, 2018	Additions	Released	June 30, 2019
Subject to expenditure for specified purpose				
For the benefit of children	$ 42,844	$ 11,610	$ (19,650)	$ 34,804
Donor restricted to maintain as an endowment	100,000	-	-	100,000
Total Net Assets with Donor Restrictions	$ 142,844	$ 11,610	$ (19,650)	$ 134,804

Note J - Endowment

The Organization's endowment consists of approximately 5 individual funds established for a variety of purposes along with a small amount of cash associated with the brokerage account. The endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted Florida's version of the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution, while growing the funds if possible. Actual returns in any given year may vary. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy. The Organization has a policy of appropriating for distribution each year an amount equal to the expenditures that were made that meet the criteria impose by the donor restrictions. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment fund. which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Organization expects the current spending policy to allow its endowment funds to grow at a nominal rate annually, which is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Board of Directors of the Organization has interpreted SPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

Note J – Endowment - continued

The Organization's endowment is from the Jacksonville Jaguars Foundation. The initial contribution was $ 100,000 and is donor restricted to be maintained as an endowment. 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 (children) and are thus included in net assets with donor restriction as well. Likewise, the board has designated amounts to act as an endowment from time to time. The Board of Directors has designated a brokerage account to contain the endowment assets. The following summarizes the activity and balances within the endowment brokerage account.

	June 30, 2019	June 30, 2018
Mutual Funds - beginning balance	$ 232,184	$ 245,335
Dividends	12,744	13,345
Capital appreciation	(986)	804
Sales	-	(27,300)
Mutual Funds - Ending balance	243,942	232,184
Brokerage cash - beginning balance	660	807
Interest	2	3
Fees	(150)	(150)
Brokerage cash - ending balance	512	660
Ending balance of "Jaguars" brokerage account	244,454	232,844
Less payable to operating fund for expenditures for the benefit of children	(19,650)	-
Ending balance of endowment assets	$ 224,804	$ 232,844

The endowment net assets composition by type is as follows:

	June 30, 2019	June 30, 2018
Not subject to expenditure	$ 100,000	$ 100,000
Board designated funds acting as an endowment	90,000	90,000
Subject to expenditure for donor restricted purpose	34,804	42,844
Ending balance of endowment assets	$ 224,804	$ 232,844

Note K - Retirement Plan

The Organization sponsors a 403(b) Plan for eligible employees. Plan cost including discretionary contributions, for the years ended June 30, 2019 and 2018 were $ 15, 453 and $ 10,634 respectively.

Note L - 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. During the year, the Organization had funds in excess of the insurance amount. 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.

86% of the total accounts receivable was due from the State of Florida for the year ended June 30, 2019. For the year ended June 30, 2018, 93% was due from the State of Florida. Management believes that all amounts are fully collectible.

For the year ended June 30, 2019, 71% of income was attributable to grants from the State of Florida. Likewise, 71.4% of income was from the State of Florida for the year ended June 30, 2018.

Note M - Subsequent Events

In preparing these financial statements, the Organization evaluated events and transactions for potential recognition or disclosure through January 31, 2020, the date the financial statements were available to be issued.

Note N - 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 $ 21,760 for the year ended June 30, 2019 and $ 18,882 for the year ended June 30, 2018.

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.

The Organization received in-kind donations of food for use at the shelter for the year ended June 30, 2019. The fair value of the food donation was determined to be $ 12,061.

Note O - 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, 2019 and 2018.

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

The preceding method described may produce fair value calculations that may not be indicative of net realizable value of 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.

Note O - Fair Value Measurements - continued

The following tables summarize by level the fair value hierarchy of the Organization's investments at fair value as of June 30, 2019 and 2018.

Assets at Fair Value as of June 30, 2019

	Level 1	Level 2	Level 3	Total
Certificates of Deposits	$ 404,358	$ -	$ -	$ 404,358
Mutual Funds	674,596	-	-	674,596
Total assets in fair value hierarchy	$ 1,078,954	$ -	$ -	
Investments at fair value				$ 1,078,954

Assets at Fair Value as of June 30, 2018

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

Note P - Liquidity and Availability of Financial Assets

As part of the Organization's liquidity management plan, cash in excess of daily requirements is invested in long-term investments and money market funds. At June 30, 2019, the operating reserve was $854,500. This reserve may be drawn upon, if necessary, to meet unexpected liquidity needs or in the event of financial distress. The following reflects the Organization's financial assets for the years ended June 30, 2019 and 2018 reduced by amounts not available for general use because of contractual or donor-imposed limits within one year of the respective year ends.

	June 30, 2019	June 30, 2018
Cash and cash equivalents	$ 80,842	$ 33,565
Accounts receivable	182,904	295,179
Gift cards	3,637	1,580
Long term investments	1,080,748	1,093,063
Total financial assets at year end	1,348,131	1,423,387
Less those unavailble for general expenditures due to donor restrictions for:		
For the benefit of children	(34,804)	(42,844)
Donor restricted to maintain as an endowment	(100,000)	(100,000)
Less those unavailble for general expenditures due to board designation:		
Board designated funds acting as an endowment	(90,000)	(90,000)
Financial assets available to meet cash needs for general expenditures within one year:	$ 1,123,327	$ 1,190,543

Note Q - New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Quigley House, Inc. has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to the summarized comparative financial information presented.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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, 2019, 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 January 31, 2020.

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.

Orange Park, FL
January 31, 2020