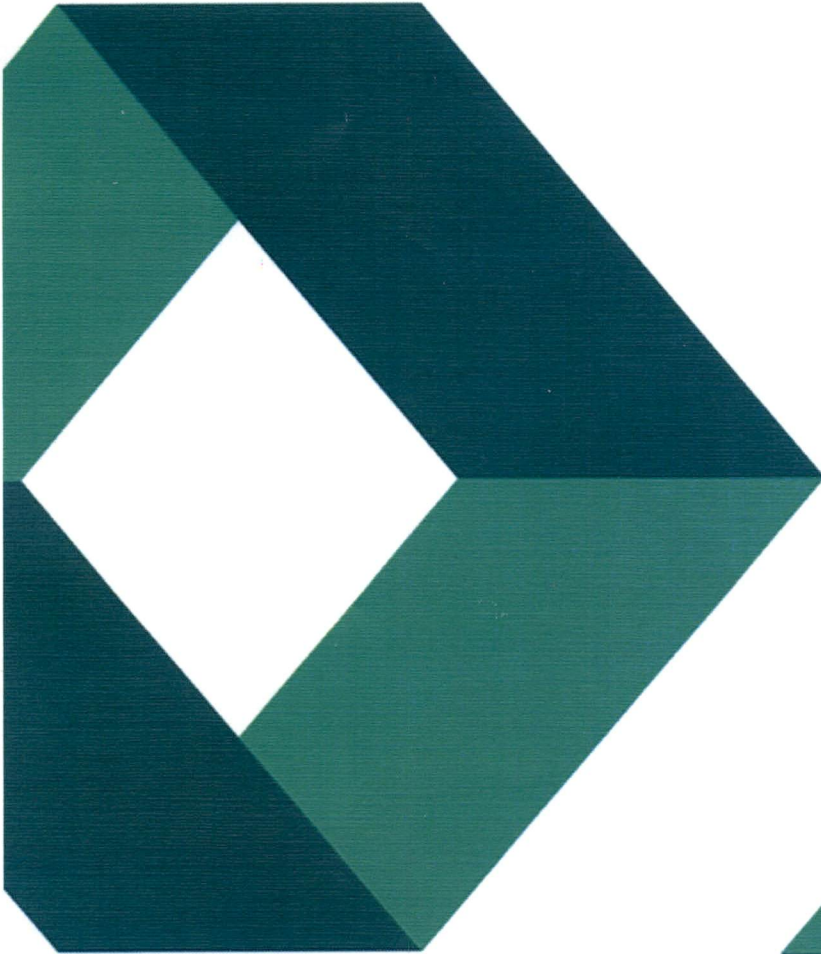


Quigley House, Inc.

Financial Statements

For the Year Ended
June 30, 2020

With Summarized Comparative Financial Information for the Year Ended
June 30, 2019



BodinePerry
Certified Public Accountants & Advisors

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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, 2020 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, 2020, 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, 2019 financial statements, and we expressed an unmodified opinion on the those audited financial statements in our report dated January 31, 2020. In our opinion, the summarized comparative financial information presented herein as of and for the year ended June 30, 2019, 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 March 30, 2021, on our consideration of Quigley House, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of Quigley House, Inc.'s 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
March 30, 2021

Quigley House, Inc.

Statement of Financial Position June 30, 2020

With Summarized Financial Information for June 30, 2019

		For Comparative Purposes Only
	June 30, 2020	June 30, 2019
Current Assets		
Cash and cash equivalents	\$ 227,191	\$ 80,842
Gift cards	3,056	3,637
Accounts receivable	295,739	182,904
Prepaid expenses	15,215	23,694
Total Current Assets	541,201	291,077
Noncurrent Assets		
Long-term investments	838,974	1,078,954
Property and equipment net of accumulated depreciation	3,324,360	3,423,065
Other assets	1,000	1,000
Total Noncurrent Assets	4,164,334	4,503,019
Total Assets	\$ 4,705,535	\$ 4,794,096

See auditor's report and accompanying notes to financial statements

Quigley House, Inc.

Statement of Financial Position June 30, 2020

With Summarized Financial Information for June 30, 2019

	June 30, 2020	For Comparative Purposes Only June 30, 2019
Current Liabilities		
Accounts payable	\$ -	\$ 27,403
Accrued expenses	57,997	98,821
Current portion of notes payable	51,714	51,617
	<hr/>	<hr/>
Total Current Liabilities	109,711	177,841
Noncurrent Liabilities		
Paycheck Protection Program loan payable	236,681	-
Notes payable net of current portion	1,276,373	1,330,248
Less unamortized debt issuance cost	(6,862)	(7,720)
	<hr/>	<hr/>
Total Noncurrent Liabilities	1,506,192	1,322,528
	<hr/>	<hr/>
Total Liabilities	1,615,903	1,500,369
Net Assets		
Without donor restrictions	2,967,645	3,158,923
With donor restrictions	121,987	134,804
	<hr/>	<hr/>
Total Net Assets	3,089,632	3,293,727
	<hr/>	<hr/>
Total Liabilities and Net Assets	\$ 4,705,535	\$ 4,794,096

See auditor's report and accompanying notes to financial statements

Quigley House, Inc.

Statement of Activities and Changes in Net Assets For the Year Ended June 30, 2020

With Summarized Financial Information for the Year Ended June 30, 2019

	June 30, 2020			For Comparative Purposes Only June 30, 2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and Revenue				
Support				
Department of Children and Families	\$ 445,780	\$ -	\$ 445,780	\$ 458,106
Office of Attorney General	480,314	-	480,314	416,091
Department of Health	154,813	-	154,813	143,845
Florida Council Against Sexual Violence	50,911	-	50,911	50,454
Clay County Board of Commissioners	40,166	-	40,166	54,799
United Way of North Florida	79,788	-	79,788	75,809
Combined Federal Campaign	-	-	-	864
Program fees	5,500	-	5,500	7,550
Other grants and contributions	241,888	-	241,888	275,584
Total Support	1,499,160	-	1,499,160	1,483,102
Thrift Store Revenues				
Thrift store sales	149,444	-	149,444	187,512
Less: store operations expenses	(227,694)	-	(227,694)	(241,301)
Total Thrift Store Revenues	(78,250)	-	(78,250)	(53,789)
Other Revenues				
Special events, net of direct cost of \$ 5,744	24,894	-	24,894	39,352
Investment income	3,526	3,383	6,909	35,910
Gain (loss) on disposal of assets	2,900	-	2,900	-
Other income	1,747	-	1,747	450
Total Revenues	33,067	3,383	36,450	75,712
Net assets released from restrictions	16,200	(16,200)	-	-
Total Support and Revenues	1,470,177	(12,817)	1,457,360	1,505,025

See auditor's report and accompanying notes to financial statements

QUIGLEY HOUSE, INC.

Statement of Activities and Changes in Net Assets For the Year Ended June 30, 2020

With Summarized Financial Information for the Year Ended June 30, 2019

- continued -

	June 30, 2020			For Comparative Purposes Only June 30, 2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Functional Expenses				
Program services	\$ 1,281,712	\$ -	\$ 1,281,712	\$ 1,382,147
Management and general	307,370	-	307,370	258,064
Fundraising	72,373	-	72,373	54,633
	1,661,455	-	1,661,455	1,694,844
Total Functional Expenses				
	(191,278)	(12,817)	(204,095)	(189,819)
Increase (Decrease) in Net Assets				
Net Assets, Beginning of the Year	3,158,923	134,804	3,293,727	3,483,546
Net Assets, End of the Year	\$ 2,967,645	\$ 121,987	\$ 3,089,632	\$ 3,293,727

See auditor's report and accompanying notes to financial statements

Quigley House, Inc.

Statement of Functional Expense For the Year Ended June 30, 2020

With Summarized Financial Information for the Year Ended June 30, 2019

	June 30, 2020					For Comparative Purposes Only June 30, 2019
	Program Services	General and Administrative	Fundraising	Thrift Store	Total	Total
Compensation and related expenses						
Compensation	\$ 811,064	\$ 142,709	\$ 60,287	\$ 103,629	\$ 1,117,689	\$ 1,107,942
Payroll taxes	59,583	10,810	4,394	7,988	82,775	104,884
Health insurance	31,121	15,612	262	870	47,865	45,001
Benefits	23,507	5,350	1,204	4,108	34,169	15,983
Total Compensation and related expenses	925,275	174,481	66,147	116,595	1,282,498	1,273,810
Accounting and other professional fees	9,080	14,916	221	760	24,977	24,522
Bank charges	-	850	651	3,798	5,299	7,686
Community education	5,695	40	-	-	5,735	330
Direct client expenses	86,342	-	-	-	86,342	103,055
Dues and subscriptions	1,004	6,349	761	-	8,114	10,368
Fees and licenses	1,256	1,548	195	62	3,061	4,382
Insurance	25,532	8,274	-	13,503	47,309	52,543
Miscellaneous	-	-	2,160	-	2,160	10,219
Office supplies	7,967	5,830	55	1,382	15,234	30,517
Postage	255	428	391	-	1,074	995
Printing	6,879	2,278	367	163	9,687	1,563
Rent	24,441	2,431	-	-	26,872	21,760
Repairs and maintenance	20,039	8,859	-	5,222	34,120	52,768
Security	1,784	647	-	326	2,757	1,876

See auditor's report and accompanying notes to financial statements

Quigley House, Inc.

Statement of Functional Expense For the Year Ended June 30, 2020

With Summarized Financial Information for the Year Ended June 30, 2019

- continued -

	June 30, 2020					For Comparative Purposes Only June 30, 2019
	Program Services	General and Administrative	Fundraising	Thrift Store	Total	Total
Supplies and Small Equipment	12,326	1,558	85	234	14,203	27,786
Telephone	12,787	8,749	675	2,555	24,766	23,684
Travel, conferences, and seminars	7,444	2,405	665	962	11,476	18,764
Utilities	31,726	9,237		11,176	52,139	48,789
Vehicle	264	-	-	6,836	7,100	3,600
Website and IT services	27,096	7,864		1,141	36,101	29,944
Mortgage interest	5,887	23,905		32,596	62,388	60,873
Depreciation	68,633	26,721		30,383	125,737	126,311
Subtotal	1,281,712	307,370	72,373	227,694	1,889,149	1,936,145
Less Thrift Store				(227,694)	(227,694)	(241,301)
Total Functional Expenses	\$ 1,281,712	\$ 307,370	\$ 72,373	\$ -	\$ 1,661,455	\$ 1,694,844

See auditor's report and accompanying notes to financial statements

Quigley House, Inc.

Statement of Cash Flows For the Year Ended June 30, 2020

With Summarized Financial Information for the Year Ended June 30, 2019

	<u>June 30, 2020</u>	<u>For Comparative Purposes Only June 30, 2019</u>
Cash Flows From Operating Activities		
Change in net assets	\$ (204,095)	\$ (189,819)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	125,737	126,311
Amortization of loan fees	858	858
Net unrealized investment (gains) losses	26,768	1,584
Net (gains) losses from asset disposal	(2,900)	-
(Increase) decrease in assets:		
Accounts receivable	(112,835)	112,275
Gift cards	581	(2,057)
Prepaid expenses	8,479	4,040
Increase (decrease) in liabilities:		
Accounts payable	(27,403)	17,531
Accrued expenses	(40,824)	15,908
Cash Provided by (Used for) Operating Activities	(225,634)	86,631
Cash Flows From Investing Activities		
Proceeds from sales of investments	247,300	50,000
Purchases of investments	(34,086)	(37,475)
Proceeds from sales of property and equipment	11,995	
Acquisition of property and equipment	(36,129)	(7,324)
Cash Provided by Investing Activities	189,080	5,201

See auditor's report and accompanying notes to financial statements

Quigley House, Inc.

Statement of Cash Flows For the Year Ended June 30, 2020

With Summarized Financial Information for the Year Ended June 30, 2019

- continued -

	<u>June 30, 2020</u>	<u>For Comparative Purposes Only June 30, 2019</u>
Cash Flows From Financing Activities		
Proceeds from Payroll Protection Program loan	236,681	-
Proceeds from notes payable	-	777,000
Cash paid for loan fees	-	(8,578)
Payments on notes payable	<u>(53,778)</u>	<u>(812,977)</u>
Cash Provided by (Used for) Financing Activities	<u>182,903</u>	<u>(44,555)</u>
Net Increase in Cash	146,349	47,277
Cash at Beginning Of Year	<u>80,842</u>	<u>33,565</u>
Cash at End Of Year	<u>\$ 227,191</u>	<u>\$ 80,842</u>
Supplementary Disclosures		
Cash paid for Interest	<u>\$ 62,388</u>	<u>\$ 60,873</u>

See auditor's report and accompanying notes to financial statements

Quigley House, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2020

With Summarized Financial Information for the Year Ended June 30, 2019

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.

Quigley House, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2020

With Summarized Financial Information for the Year Ended June 30, 2019

Note B - 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. Accrual basis accounting allows for revenue to be recognized when earned and expenses to be recognized when goods or services are received, without regard to the receipt or payment of cash.

Financial Statement Presentation

The financial statements are presented in accordance with FASB ASC Topic 958, *Not-for-Profit Entities*, which requires the Organization to report information regarding its financial position and activities according to two classes of net assets: without restrictions and with restrictions.

Use of Accounting Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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. Bad debts are accounted for under the allowance method. The Organization's policy is to charge off an account receivable when management determines it is uncollectible. The allowance for doubtful accounts is based upon historical experience and is usually a percentage of past due accounts. Management believes that all accounts are collectible and therefore the allowance for doubtful account is \$ 0 at June 30, 2020 and 2019 respectively.

Quigley House, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2020

With Summarized Financial Information for the Year Ended June 30, 2019

Note B - Summary of Significant Accounting Policies - continued

Property and Equipment

Property and equipment is depreciated on the straight-line method over their estimated useful lives of 3 to 39 years. Maintenance and repairs are charged to expense when incurred. Assets with a useful life beyond one year or repairs and maintenance that extend the useful life of an asset beyond one year are capitalized and depreciated over the asset's useful life. The Organization follows the practice of capitalizing all expenditures for furniture, fixtures and equipment in excess of \$ 1,500.

Debt Issuance Cost

The Organization follows FASB ASU 2015-03, ASC subtopic 835-30, *Interest--Imputation of Interest*. Under this guidance, debt issuance costs related to a recognized long-term debt liability are presented in the balance sheet as a direct deduction from the debt liability and are amortized over the life of the associated bank debt. Thus, debt issuance costs related to long-term debt are netted against "Notes Payable" on the balance sheet. The Organization reflect the amortization of debt issuance costs as interest expense. Interest expense related to the amortization of debt issuance costs was \$ 858 and \$ 858 for the years ended June 30, 2020 and 2019, respectively. The estimated interest expense related to the amortization of debt issuance costs for each of the five ensuing years through June 30, 2025 is \$ 858.

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 must be maintained, the Organization reports donated or acquired long lived assets as net assets without donor restrictions when placed in service.

Income Taxes

The Organization has elected to be treated under the provisions of the Internal Revenue Code as a 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, 2020, 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.

Summarized Comparative Financial Information

The financial statements include certain prior year summarized and comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2019, from which the summarized financial information was derived.

Quigley House, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2020

With Summarized Financial Information for the Year Ended June 30, 2019

Note B - Summary of Significant Accounting Policies - continued

Functional Allocation of Expenses

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 as insurance, utilities, communications, etc. are likewise allocated based on the circumstance.

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.

Note C - 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:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Certificates of Deposits	\$ 411,480	\$ 404,358
Mutual Funds	<u>427,494</u>	<u>674,596</u>
Total investments at fair value	<u>\$ 838,974</u>	<u>\$ 1,078,954</u>

Quigley House, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2020

With Summarized Financial Information for the Year Ended June 30, 2019

Note C - Investments - continued

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

	June 30, 2020		
	With Restrictions	Without Restrictions	Total
Dividends and interest	\$ 12,130	\$ 21,997	\$ 34,127
Realized Gains (losses)	(2,954)	7,333	4,379
Unrealized Gains (losses)	(5,643)	(25,504)	(31,147)
Fees	(150)	(300)	(450)
Investment income - net	<u>\$ 3,383</u>	<u>\$ 3,526</u>	<u>\$ 6,909</u>
	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	<u>\$ 11,610</u>	<u>\$ 24,300</u>	<u>\$ 35,910</u>

Note D - Property and Equipment

Property and equipment consist of the following:

	June 30, 2020	June 30, 2019
Land	\$ 721,898	\$ 721,898
Buildings and improvements	3,127,490	3,101,728
Furniture and equipment	796,137	804,715
Vehicles	57,887	60,343
	<u>4,703,412</u>	<u>4,688,684</u>
Less accumulated depreciation	(1,379,052)	(1,265,619)
Net property and equipment	<u>\$ 3,324,360</u>	<u>\$ 3,423,065</u>

Note E - Leases

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. One lease will expire in January 2021 and the second lease will expire in March 2021. Remaining non-cancellable payments under the leases are \$ 2,476 for the year ended June 30, 2021. Lease payments for the year ended December 31, 2020 and 2019 were \$ 2,951 and \$ 4,008, respectively.

Quigley House, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2020

With Summarized Financial Information for the Year Ended June 30, 2019

Note F - Notes Payable

The Organization has the following notes payable:

	June 30, 2020		June 30, 2019	
	Principal	Unamortized Debt Issuance Costs	Principal	Unamortized Debt Issuance Costs
Note payable, Ameris 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.	\$ 727,345	\$ 6,862	\$ 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.	600,742	-	627,059	-
Total Notes Payable	<u>1,328,087</u>	<u>6,862</u>	<u>1,381,865</u>	<u>7,720</u>
Less current portion	<u>(51,714)</u>		<u>(51,617)</u>	
Net Long-term Notes Payable	<u>\$1,276,373</u>	<u>\$ 6,862</u>	<u>\$1,330,248</u>	<u>\$ 7,720</u>

Quigley House, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2020

With Summarized Financial Information for the Year Ended June 30, 2019

Note F - Notes Payable - continued

Principal payments due on notes payable for each of the five years following June 30, 2020 are as follows:

Year	Amount
2021	\$ 51,714
2022	56,233
2023	58,693
2024	61,263
2025	63,942
Thereafter	<u>1,036,242</u>
Total	<u>\$ 1,328,087</u>

Note G - Paycheck Protection Program Loan

On May 6, 2020, the Organization received a Paycheck Protection Program loan (PPP Loan) established by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) in the amount of \$236,681. The Paycheck Protection Program (PPP) was established under the recent congressionally-approved CARES Act and is administered by the U.S. Small Business Administration (SBA).

The original term of the PPP Loan was two years. The term was extended to five years by the SBA. The annual interest rate on the PPP Loan is 1%. Payments of principal and interest on the loan will be deferred for the first six months of the term of the loan. The PPP loan contains events of default and other provisions customary for a loan of this type.

Under the terms of the CARES Act, PPP Loan recipients may apply for and be granted forgiveness for all or a portion of loans granted under the PPP. Such forgiveness will be determined, subject to limitations, based on the use of loan proceeds for payroll costs and mortgage interest, rent or utility costs and the maintenance of employee and compensation levels. While the Organization believes that it has acted in compliance with the program and plans to seek forgiveness of the PPP Loan, no assurance can be provided that the Organization will obtain forgiveness of the PPP Loan in whole or in part. The balance on this PPP loan was \$236,681 as of June 30, 2020 and has been classified as a long-term liability in notes payable.

Quigley House, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2020

With Summarized Financial Information for the Year Ended June 30, 2019

Note H - Net Assets

Net assets without donor restriction consist of the following:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Undesignated	\$ 2,877,645	\$ 3,068,923
Board designated funds acting as an endowment	<u>90,000</u>	<u>90,000</u>
Total Net Assets without Donor Restrictions	<u>\$ 2,967,645</u>	<u>\$ 3,158,923</u>

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

	<u>June 30, 2019</u>	<u>Additions</u>	<u>Released</u>	<u>June 30, 2020</u>
Subject to expenditure for specified purpose				
For the benefit of children	\$ 34,804	\$ 3,383	\$ (16,200)	\$ 21,987
Donor restricted to maintain as an endowment	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Total Net Assets with Donor Restrictions	<u>\$ 134,804</u>	<u>\$ 3,383</u>	<u>\$ (16,200)</u>	<u>\$ 121,987</u>

Note I - 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.

Quigley House, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2020

With Summarized Financial Information for the Year Ended June 30, 2019

Note I - Endowment - continued

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 imposed 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.

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.

Quigley House, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2020

With Summarized Financial Information for the Year Ended June 30, 2019

Note I - Endowment - continued

The following summarizes the activity and balances within the endowment brokerage account:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Mutual Funds - beginning balance	\$ 243,942	\$ 232,184
Dividends	12,130	12,744
Capital appreciation	(8,597)	(986)
Sales	(36,200)	-
Mutual Funds - Ending balance	<u>211,275</u>	<u>243,942</u>
Brokerage cash - beginning balance	512	660
Interest	-	2
Purchase	350	-
Fees	(150)	(150)
Brokerage cash - ending balance	<u>712</u>	<u>512</u>
Ending balance of "Jaguars" brokerage account	211,987	244,454
Less payable to operating fund for expenditures for the benefit of children	<u>-</u>	<u>(19,650)</u>
Ending balance of endowment assets	<u>\$ 211,987</u>	<u>\$ 224,804</u>

The endowment net assets composition by type is as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
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	<u>21,987</u>	<u>34,804</u>
Ending balance of endowment assets	<u>\$ 211,987</u>	<u>\$ 224,804</u>

Quigley House, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2020

With Summarized Financial Information for the Year Ended June 30, 2019

Note J - Retirement Plan

The Organization sponsors a 403(b) Plan for eligible employees. Plan cost including discretionary contributions, for the years ended June 30, 2020 and 2019 were \$ 12,032 and \$ 15,453, respectively.

Note K - 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.

For the year ended June 30, 2020, 95% of the total accounts receivable was due from the State of Florida. For the year ended June 30, 2019, 86% was due from the State of Florida. Management believes that all amounts are fully collectible.

For the year ended June 30, 2020, 66% of income was attributable to grants from the State of Florida. Likewise, 71% of income was from the State of Florida for the year ended June 30, 2019.

Note L - 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 \$ 23,921 for the year ended June 30, 2020 and \$ 21,760 for the year ended June 30, 2019.

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, 2020. The fair value of the food donation was determined to be \$ 8,718. For the year ended June 30, 2019, the Organization received \$ 12,061 in food donations.

Quigley House, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2020

With Summarized Financial Information for the Year Ended June 30, 2019

Note M - 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, 2020 and 2019.

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 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.

Quigley House, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2020

With Summarized Financial Information for the Year Ended June 30, 2019

Note M - 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, 2020 and 2019.

Assets at Fair Value as of June 30, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	Total
Certificates of Deposits	\$ 411,480	\$ -	\$ -	\$ 411,480
Mutual Funds	427,494	-	-	427,494
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets in fair value hierarchy	<u>\$ 838,974</u>	<u>\$ -</u>	<u>\$ -</u>	
Investments at fair value				<u>\$ 838,974</u>

Assets at Fair Value as of June 30, 2019

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

Quigley House, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2020

With Summarized Financial Information for the Year Ended June 30, 2019

Note N - 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. 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, 2020 and 2019 reduced by amounts not available for general use because of contractual or donor-imposed limits within one year of the respective year ends.

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Cash and cash equivalents	\$ 227,191	\$ 80,842
Accounts receivable	295,739	182,904
Gift cards	3,056	3,637
Long term investments	838,974	1,078,954
Total financial assets at year end	<u>1,364,960</u>	<u>1,346,337</u>
Less those unavailable for general expenditures due to donor restrictions for:		
For the benefit of children	(21,987)	(34,804)
Donor restricted to maintain as an endowment	(100,000)	(100,000)
Less those unavailable for general expenditures due to board designation:		
Board designated funds acting as an endowment	<u>(90,000)</u>	<u>(90,000)</u>
Financial assets available to meet cash needs for general expenditures within one year:	<u>\$ 1,152,973</u>	<u>\$ 1,121,533</u>

Note O - Subsequent Events

The Organization has evaluated subsequent events through March 30, 2021 (the date of the Independent Auditors' Report) which is considered the date the financial statements are available for issuance.

During the COVID-19 pandemic, our services have generally been considered essential in nature and have not been materially interrupted. We have experienced some delays in service as a result of COVID-19. We have also been impacted by quarantine-related absenteeism among our workforce.

As the situation continues to evolve, we are closely monitoring the impact of the COVID-19 pandemic on all aspects of our business, including how it impacts our customers, subcontractors, suppliers, vendors and employees, in addition to how the COVID-19 pandemic impacts our ability to provide services to our customers. We believe the ultimate impact of the COVID-19 pandemic on our operating results, cash flows and financial condition is likely to be determined by factors which are uncertain, unpredictable and outside of our control. The situation surrounding COVID-19 remains fluid, and if disruptions do arise, they could materially adversely impact our business. Management remains positive that the Organization will continue to meet its obligation and continue to deliver services to its customers.

Other Reporting Required by *Government Auditing Standards*



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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

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 Quigley House, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 30, 2021.

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, Florida
March 30, 2021