QUIGLEY HOUSE, INC.
(A Nonprofit Organization)

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

For the year ended June 30, 2022
(With summarized financial information for the year ended June 30, 2021)

Quigley House, Inc.
June 30, 2022 and 2021
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Quigley House, Inc.
Jacksonville, Florida

<u>Opinion</u>

We have audited the accompanying financial statements of Quigley House, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

<u>Basis for Opinion</u>

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in Government Auditing Standards ("GAS") issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

<u>Responsibilities of Management for the Financial Statements</u>

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for 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.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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Report on Summarized Comparative Information

The financial statements as of and for the year ended June 30, 2021 were audited by predecessor auditors, who expressed an unmodified audit opinion on those audited financial statements in the report dated August 18, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Requirements by GAS

In accordance with GAS, we have also issued our report dated October 30, 2023, on our consideration of the Organization'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 the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with GAS in considering the Organization's internal control over financial reporting and compliance.

Very truly yours,

Patrick & Raines, LLC

Patrick & Raines, LLC
Jacksonville, Florida
October 30, 2023

QUIGLEY HOUSE, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2022
With Summarized information for June 30, 2021

		June 30, 2022		For Comparative Purposes Only June 30, 2021
Assets:				
Current assets:				
Cash and cash equivalents	$	313,138	$	193,580
Gift cards		2,634		2,434
Employee advances		483		0
Accounts receivable		67,116		351,494
Prepaid expenses		13,262		7,986
Total current assets		396,633		555,494
Noncurrent assets:				
Long-term investments		751,595		950,502
Property and equipment net of accumulated depreciation		2,036,457		3,196,125
Other assets		1,000		1,000
Total noncurrent assets		2,789,052		4,147,627
Total assets	$	3,185,685	$	4,703,121

The accompanying notes are an integral part of this statement.

QUIGLEY HOUSE, INC.
STATEMENT OF FINANCIAL POSITION (continued)
June 30, 2022
With Summarized Information for June 30, 2021

	June 30, 2022	For Comparative Purposes Only June 30, 2021
Liabilities and Net Assets		
Current liabilities:		
Accounts payable & accrued expenses	$ 34,753	$ 75,304
Current portion of notes payable	29,657	53,901
Total current liabilities	64,410	129,205
Noncurrent liabilities:		
Notes payable net of current portion	517,646	1,220,140
Less unamortized debt issuance cost	0	(6,004)
Total noncurrent liabilities	517,646	1,214,136
Total liabilities	582,056	1,343,341
Net assets:		
Without donor restrictions	2,476,257	3,199,049
With donor restrictions	127,372	160,731
Total net assets	2,603,629	3,359,780
Total liabilities and net assets	$ 3,185,685	$ 4,703,121

The accompanying notes are an integral part of this statement.

QUIGLEY HOUSE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022
With Summarized Information for the Year Ended June 30, 2021

	June 30, 2022			For Comparative Purposes Only
	Without Donor Restrictions	With Donor Restrictions	Total	June 30 2021 Total
REVENUE AND SUPPORT				
Department of Children and Families	$ 340,794	$ 0	$ 340,794	$ 614,905
Office of Attorney General	510,875	0	510,875	448,414
Florida Council Against Sexual Violence	35,892	0	35,892	47,083
Clay County Board of Commissioners	54,912	0	54,912	51,412
United Way of North Florida	69,817	0	69,817	79,835
Program fees	4,042	0	4,042	7,500
In-kind donations	148,682	0	148,682	25,324
Other grants and contributions	355,141	0	355,141	361,436
Total revenue and support	1,520,155	0	1,520,155	1,635,909
THRIFT STORE REVENUES				
Thrift store sales	56,333	0	56,333	181,362
Less: store operations expenses	(115,160)	0	(115,160)	(221,366)
Total thrift store revenues	(58,827)	0	(58,827)	(40,004)
OTHER REVENUES				
Special events, net of direct cost of $7,203	16,781	0	16,781	19,292
Investment income, net	38,820	(33,359)	5,461	111,228
Gain (loss) on disposal of fixed assets	(298,742)	0	(298,742)	(2,416)
Gain on extinguishment of debt	0	0	0	230,112
Other income	(228)	0	(228)	13,858
Total other revenues	(243,369)	(33,359)	(276,728)	372,074
NET ASSETS RELEASED FROM RESTRICTIONS	0	0	0	0
TOTAL REVENUE AND SUPPORT	$ 1,217,959	$ (33,359)	$ 1,184,600	$ 1,967,979

The accompanying notes are an integral part of this statement.

QUIGLEY HOUSE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022
With Summarized Information for the Year Ended June 30, 2021

	June 30, 2022			For Comparative Purposes Only
	Without Donor Restrictions	With Donor Restrictions	Total	June 30, 2021 Total
TOTAL REVENUE & SUPPORT	$ 1,217,959	$ (33,359)	$ 1,184,600	$ 1,967,979
FUNCTIONAL EXPENSES				
Program services	1,244,586	0	1,244,586	1,219,915
General and administrative	625,685	0	625,685	442,528
Fundraising	595	0	595	35,388
Total functional expenses	1,870,866	0	1,870,866	1,697,831
CHANGE IN NET ASSETS	(652,907)	(33,359)	(686,266)	270,148
NET ASSETS, BEGINNING OF THE YEAR	3,199,049	160,731	3,359,780	3,089,632
PRIOR PERIOD ADJUSTMENT	(69,885)	0	(69,885)	0
NET ASSETS, END OF THE YEAR	$ 2,476,257	$ 127,372	$ 2,603,629	$ 3,359,780

The accompanying notes are an integral part of this statement.

QUIGLEY HOUSE, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2022
With Summarized Information for the Year Ended June 30, 2021

	June 30, 2022					For Comparative Purposes Only
	Program Services	General & Administrative	Fundraising	Thrift Store	Total	June 30, 2021 Total
COMPENSATION AND RELATED EXPENSES						
Compensation	$ 647,794	$ 329,038	$ 0	$ 51,412	$ 1,028,244	1,146,048
Payroll taxes	50,865	23,436	0	4,003	78,304	86,636
Health insurance	45,706	28,689	0	4,774	79,169	28,835
Benefits	11,386	21,016	0	1,049	33,451	25,820
Staffing costs & payroll fees	12,125	3,880	0	162	16,167	0
Total compensation and related expenses	767,876	406,059	0	61,400	1,235,335	1,287,339
Accounting and other professional fees	0	5,200	0	0	5,200	27,847
Advertising & marketing	1,850	0	0	0	1,850	0
Bank charges	0	3,922	127	1,031	5,080	6,792
Community education	6,166	0	0	0	6,166	0
Direct client expenses	163,665	0	0	90	163,755	96,665
Dues and subscriptions	1,942	10,426	154	30	12,552	10,921
Fees and licenses	0	455	0	0	455	3,082
Insurance	21,569	25,805	0	9,027	56,401	56,847
Miscellaneous	3,988	4,202	0	38	8,228	1,621
Office supplies	15,925	6,313	162	437	22,837	31,136
Postage	11	717	0	1	729	384
Printing	11,369	98	0	0	11,467	5,651
Rent	2,533	2,561	0	0	5,094	19,239
Repairs and maintenance	39,217	14,671	2	6,590	60,480	44,119
Security	24,994	766	0	342	26,102	3,200
Supplies and small equipment	16,300	22,269	0	0	38,569	15,629
Telephone	28,781	9,154	150	4,321	42,406	27,451
Travel, conferences, and seminars	8,412	0	0	71	8,483	3,272
Utilities	30,105	8,605	0	5,447	44,157	50,958
Vehicle	2,052	118	0	100	2,270	3,099
Website and IT services	19,107	29,667	0	2,397	51,171	40,011
Interest	0	33,276	0	23,124	56,400	57,161
Depreciation	78,724	41,401	0	714	120,839	126,774
Subtotal	1,244,586	625,685	595	115,160	1,959,136	1,919,198
Less: thrift store	0	0	0	(115,160)	(115,160)	(221,367)
Total functional expenses	$ 1,244,586	$ 625,685	$ 595	$ 0	$ 1,843,976	$ 1,697,831

The accompanying notes are an integral part of this statement.

QUIGLEY HOUSE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022
With Summarized Information for the Year Ended June 30, 2021

	June 30, 2022	For Comparative Purposes Only June 30, 2021
Cash flows from operating activities:		
Changes in net assets	$ (686,266)	$ 270,148
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	120,839	126,774
Amortization of debt issuance cost	6,004	858
Net unrealized investments (gains) losses	45,873	(81,303)
Net (gains) losses from fixed asset disposals	298,742	2,416
Gain on debt extinguishment	0	(230,112)
Changes in operating assets and liabilities:		
Accounts receivable	284,378	(55,755)
Gift cards	(200)	622
Employee advances	(483)	0
Prepaid expenses	(5,276)	7,229
Accounts payable	(28,672)	0
Accrued expenses	(11,879)	17,307
Cash provided by operating activities:	23,060	58,184
Cash flows from investing activities:		
Net proceeds from sale of investments	198,907	(30,224)
Net proceeds (purchases) of property and equipment	624,329	(956)
Cash provided (used) by investing activities:	823,236	(31,180)

The accompanying notes are an integral part of this statement.

QUIGLEY HOUSE, INC.
STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED JUNE 30, 2022
With Summarized Information for the Year Ended June 30, 2021

		For Comparative Purposes Only
	June 30, 2022	June 30, 2021
Cash flows from financing activities:		
Net payments on notes payable	(726,738)	(60,615)
Cash used by financing activities:	(726,738)	(60,615)
Net change in cash	119,558	(33,611)
Cash and Cash Equivalents at Beginning of Year	193,580	227,191
Cash and Cash Equivalents at End of Year	$ 313,138	$ 193,580
Supplemental data:		
Cash paid for interest	$ 56,400	$ 61,530

The accompanying notes are an integral part of this statement.

Note A – Organization

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

The Organization 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 (the "Board") of not more than 35 members selected by the existing members of the Board.

The Organization operates several programs in order to fulfill its mission:

24 Hour Shelter

The Organization's 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. The Organization does 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.

Note A – Organization (continued)

Case Management

The Organization's 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 the shelter.

Pet Kennel

Statistics indicate 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 additions of the pet kennel and small animal facility, the Organization is able to accommodate participants who bring their pets with them.

Note B – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with U.S. GAAP. 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.

Use of Accounting Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. GAAP 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.

Basis of 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 to two classes of net assets.

The net assets of the Organization are reported as follows:

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. The Board may designate assets without restrictions for specific purposes from time to time.

Note B – Summary of Significant Accounting Policies (continued)

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 by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the fund be maintained in perpetuity.

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.

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 accounts 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 accounts is $0 as of June 30, 2022 and 2021 respectively.

Property and Equipment

Property and equipment are 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 follow the practice of capitalizing all expenditures for furniture, fixtures, and equipment in excess of $2,500.

Revenue Recognition

The Organization applies different accounting pronouncements to contributions and exchanges. Contributions are within the scope of ASC Topic 958, *Not for Profit Entities*. Exchanges are subject to other guidance, such as ASC Topic 606, *Revenue for Contracts with Customers.* The application of these different rules will affect when revenue is recognized; unconditional contributions from the general public and associated organizations in the period when either assets or specific assets are received or promised, while exchanges are recognized as revenue when performance obligation are satisfied.

Note B – Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied at a point in time is generally recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The Organization believes that all performance obligation were satisfied and invoiced as of the date of the financial statements. Thus, there were no contract assets or liabilities as of June 30, 2022.

Donated Materials and Services

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received.

Income Taxes

The Organization has elected to be treated under the provisions of the Internal Revenue Code as of 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 income. Consequently, the Organization has not made an accrual for any unrelated business income tax provision.

Summarized Comparative Financial Information

The financial statement 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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization’s financial statements for year ended June 30, 2021, from which the summarized financial information was derived.

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 share, depending on the circumstance. Other cost such at insurance, utilities, communication, 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.

Advertising Expense

Advertising costs are expensed as incurred.

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 statement of financial position.

Investment at fair value consist of the following:

	June 30, 2022	June 30, 2021
Certificates of Deposit	$ 0	$ 420,321
Mutual Funds	719,636	530,181
Total investments, at fair value	$ 719,636	$ 950,502

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 for the year ended June 30, 2022:

	Without Restrictions	With Restrictions	Total
Dividends and interest	$ 18,198	$ 19,769	$ 37,967
Realized gain (losses)	13,718	24	13,742
Unrealized gain (losses)	(31,941)	(13,932)	(45,873)
Fees	(225)	(150)	(375)
Investment income, net	$ (250)	$ 5,711	$ 5,461

Note D – Property and Equipment

Property and equipment consist of the following;

	June 30, 2022	June 30, 2021
Land	$ 371,898	$ 721,898
Buildings and improvements	2,510,615	3,127,490
Furniture and equipment	324,964	797,643
Vehicles	43,194	43,194
	3,250,671	4,690,225
Less accumulated depreciation	(1,214,214)	(1,494,100)
Net property and equipment	$ 2,036,457	$ 3,196,125

Note E – Leases

The Organization leases two copiers under operating lease arrangements. The terms of the lease allow the Organization to either purchase the equipment at fair value, renew the lease, or return the equipment at the end of the lease agreements. The lease agreements expire in December 2025 and September 2026. Lease payments for the year ended June 30, 2022 and 2021 were $5,094 and $3,521, respectively.

Note E – Leases (continued)

Future minimum lease payments under the operating lease as of June 30, 2022 are:

For the Year Ending June 30,		
2023	$	5,122
2024		5,311
2025		2,875
2026		1,135
2027		189
	$	14,632

Note F – Notes Payable

The Organization has the following notes payable:

	June 30, 2022				June 30, 2021			
		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.	$	0	$	0	$	701,772	$	6,004
Note payable, Regions Bank The note was converted from a construction loan agreement dated June 2015. Monthly 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 2036. The note is secured by the administrative building and property.		547,303		0		572,269		0

Note F – Notes Payable (continued)

	June 30, 2022		June 30, 2021	
	Principal	Unamortized Debt Issuance Costs	Principal	Unamortized Debt Issuance Costs
Total notes payable	547,303	0	1,274,041	6,004
Less current portion	(29,657)		(53,901)	
Notes payable, long-term	$ 517,646	$ 0	$ 1,220,140	$ 6,004

Principal payments due on notes payable for each of the five years following June 30, 2022 are as follows:

For the Year Ending June 30,	
2023	$ 29,657
2024	30,862
2025	32,116
2026	33,421
2027	34,779
Thereafter	386,468
	$ 547,303

Note G – Restricted Net Assets

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

	June 30, 2021	Additions	Deductions	June 30, 2022
Subject to expenditure for specified purpose				
For the benefit of children	$ 60,731	$ 0	$ (33,359)	$ 27,372
Donor restricted to maintain as an endowment	100,000	0	0	100,000
Total net assets with donor restrictions	$ 160,731	$ 0	$ (33,359)	$ 127,372

Note H – Endowment

The Organization's endowment consists of approximately 5 individual funds established for 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 to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board 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 the 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 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 Organizations, 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, 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.

Note H – Endowment (continued)

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 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 has interpreted SPMIFA to permit spending from underwater endowments in accordance with prudent measures required by 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 has designated a brokerage account to contain the endowment assets.

Note H – Endowment (continued)

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

		June 30, 2022		June 30, 2021
Mutual funds, beginning balance	$	259,971	$	211,275
Interest & dividends		19,769		12,358
Capital appreciation(depreciation)		(63,499)		36,338
Sales		2,298		0
Mutual funds, ending balance		218,539		259,971
Brokerage cash, beginning balance		810		712
Purchase		8,223		248
Fees		(150)		(150)
Brokerage cash, ending balance		8,883		810
Ending balance of "Jaguars" brokerage account		227,422		260,781
Less payable to operating fund for expenditures for benefit of children		(10,050)		(10,050)
Less unrestricted funds in endowment brokerage		(90,000)		(90,000)
Ending balance of endowment assets	$	127,372	$	160,731

The endowment net assets composition by type is as follows:

		June 30, 2022		June 30, 2021
Not Subject to Expenditure	$	100,000	$	100,000
Board designated funds acting as an endowment		0		0
Subject to expenditure for donor restricted purpose		27,372		60,731
Ending balance of endowment assets	$	127,372	$	160,731

The board voted to remove the designation from the $90,000 funds acting as an endowment during the fiscal year ended June 30, 2021. The board now considers these funds to be available for all purposes.

Note I – Retirement Plan

The Organization sponsors a 403(b) Plan for eligible employees. Plan cost, including discretionary contributions, for the years ended June 30, 2022 and 2021 were $1,256 and $556, respectively and classified in “Benefits” in the statement of functional expenses.

Note J – 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 U.S. GAAP. Additionally, cash held in brokerage accounts is uninsured. The Organization does not believe that they area at risk for losing their cash.

Investment securities are subject to various risks, such as interest rate risks, 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, 2022, 84% of the total accounts receivable was due from the State of Florida. For the year ended June 30, 2021, 83% of was due from the State of Florida. Management believes that all amounts are fully collectible.

For the year ended June 30, 2022, 75% of income was attributable to grants from the State of Florida. Likewise, 68% of income was from the State of Florida for the year ended June 30, 2021.

Note K – In-Kind Donations

During the year ended June 30, 2021, The Clay County Board of Commissioners donated the use of facilities located at the courthouse. The fair value of the space has been determined to be $15,719 for the year then ended.

Note K – In-Kind Donations (continued)

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. 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, 2022, the fair value of the food donation was determined to be $247. For the year ended June 30, 2021, the Organization received $9,605 in food donations.

Note L – Fair Value Measurements

The FASB has established a framework for measuring fair value in ASC 820, Fair Value Measurement. This 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 the fair value hierarchy are described below:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.
Level 2	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 derived principally from or corroborated by observable market data 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	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Note L – Fair Value Measurements (continued)

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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

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, 2022 and 2021.

The investments of the Organization are valued at the closing price report 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 results in a different fair value measurement at the reporting date.

The following tables summarize by level the fair value hierarchy of the Organization's investments at fair value as of June 30, 2022 and 2021.

Assets at Fair Value as of June 30, 2022

	Level 1	Level 2	Level 3	Total
Certificates of Deposits	$ 0	$ 0	$ 0	$ 0
Mutual Funds	719,636	0	0	719,636
Investment, at fair value	$ 719,636	$ 0	$ 0	$ 719,636

Assets at Fair Value as of June 30, 2021

	Level 1	Level 2	Level 3	Total
Certificates of Deposits	$ 0	$ 420,321	$ 0	$ 420,321
Mutual Funds	530,181	0	0	530,181
Investment, at fair value	$ 530,181	$ 420,321	$ 0	$ 950,502

Note M – 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, 2022 and 2021 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, 2022	June 30, 2021
Cash and cash equivalents	$ 313,138	$ 193,580
Gift cards	2,634	2,434
Accounts receivable	67,116	351,494
Long term investments	751,595	950,502
Total financial assets at year end	1,134,483	1,498,010
Less those unavailable for general expenditures due to donor restrictions for:		
The benefit of children	(27,372)	(60,731)
Donor restricted as an endowment	(100,000)	(100,000)
Financial assets available to meet cash needs for general expenditures within one year.	$ 1,007,111	$ 1,337,279

Note N – Prior Period Adjustment

The Organization discovered that significant investment income items from prior period were not recorded as of June 30, 2022. As such, a reduction in the amount of $69,885 has been included in the statement of activities to reflect the cumulative effect of the aforementioned items on opening net assets for the fiscal year ended June 30, 2022.

The correction of this error is expected to more properly reflect the economic reality of transactions undertaken during the year ended June 30, 2022, and the applicable preceding periods. Management deemed the cumulative effect adjustment, rather than retrospective application as the preferrable method of correction, given the lack of incremental decision-making usefulness that would be derived from the latter method.

Note O – Subsequent Events

The Organization has evaluated subsequent events through October 30, 2023, the date which the financial statements were available to be issued. No subsequent events were noted that required disclosure in the financial statements.

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Mark R. Patrick, CPA
Timothy P. Raines, CPA

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Quigley House, Inc.
Jacksonville, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* ("GAS"), issued by the Comptroller General of the United States, the financial statements of Quigley House, Inc. (the "Organization"), a nonprofit organization, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 30, 2023.

<u>Report on Internal Control over Financial Reporting</u>

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting ("internal control") as a basis for designing 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization'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. Identified the following during the course of our audit:

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We noted that supporting documentation could not be produced for the majority of nonroutine journal entries selected for testing. We consider this lack of documentation to rise to the level of a significant deficiency in internal control surrounding the general journal.

We noted during our investment testing, that the Organization historically never balanced significant investment income items to the monthly statements. The aggregate result of these historical misstatements resulted in a prior period adjustment that was individually material to the financial statements as a whole. Therefore, given the magnitude of potential misstatement, evidenced by the actual required adjustment, we consider this lack of oversight to constitute a material weakness in internal control surrounding investments.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 GAS.

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 GAS in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,

Patrick & Raines, LLC

Patrick & Raines, LLC
Jacksonville, Florida
October 30, 2023