Gulfcoast Legal Services, Inc.

Financial Statements

December 31, 2017 and 2016

and

Reports of Independent
Certified Public Accountants

PDR
CPAs + ADVISORS

GULFCOAST LEGAL SERVICES, INC.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Gulfcoast Legal Services, Inc.
Tampa, FL

We have audited the accompanying financial statements of Gulfcoast Legal Services, Inc. (a nonprofit organization) (the Organization), which comprise the statements of financial position as of December 31, 2017 and 2016, the related statements of activities and cash flows for the years then ended, the related statement of functional expenses for the year ended December 31, 2017, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those 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.

CONTINUED

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gulfcoast Legal Services, Inc. as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2016 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 28, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2018, 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 *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

CONTINUED

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of Support, Revenue and Expenses and Change in Net Assets for IOTA Funds and Functional Expenses - Department of Elder Affairs Required Format are presented for additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

PDR CPAs + Advisors

Oldsmar, Florida
June 28, 2018

GULFCOAST LEGAL SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

ASSETS

	2017	2016
Current assets		
Cash and cash equivalents	$ 342,463	$ 180,818
Restricted cash	398	253,987
Grants receivable	245,701	394,300
Other receivables	23,724	-
Prepaids and other	30,932	39,901
Client escrow funds	173	173
Total current assets	643,391	869,179
Other assets		
Property and equipment, net	60,859	68,054
Security deposit	3,368	4,968
Total other assets	64,227	73,022
Total Assets	$ 707,618	$ 942,201

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	$ 25,435	$ 54,834
Client trust deposits	173	173
Accrued liabilities	87,795	104,958
Deferred revenue	21,572	276,155
Total current liabilities	134,975	436,120
Net assets		
Unrestricted		
Designated by the Board of Directors: operational reserve	160,239	114,179
Undesignated	382,137	112,111
	542,376	226,290
Temporarily restricted	30,267	279,791
Total net assets	572,643	506,081
Total Liabilities and Net Assets	$ 707,618	$ 942,201

See accompanying notes to financial statements

GULFCOAST LEGAL SERVICES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

	Unrestricted	Temporarily Restricted	Total 2017	Total 2016
Operating Support and Revenue				
Grants and contracts	$ 1,661,644	$ -	$ 1,661,644	$ 1,351,163
Contributions	88,116	-	88,116	113,953
In-kind revenue	428,223	-	428,223	534,451
Article V	364,190	-	364,190	358,808
Other	36,149	-	36,149	107,963
Net assets released from restrictions:				
Satisfaction of restrictions	249,524	(249,524)	-	-
Total operating support and revenue	2,827,846	(249,524)	2,578,322	2,466,338
Operating Expenses				
Program services	2,036,119	-	2,036,119	2,226,330
General and administrative	438,257	-	438,257	433,555
Fundraising	34,967	-	34,967	133,037
Total operating expenses	2,509,343	-	2,509,343	2,792,922
Change in Net Assets from Operations	318,503	(249,524)	68,979	(326,584)
Other Changes				
Loss on sale of property and equipment	(2,639)	-	(2,639)	(5,702)
Interest expense	222	-	222	696
	(2,417)	-	(2,417)	(5,006)
Change in Net Assets	316,086	(249,524)	66,562	(331,590)
Net Assets at Beginning of Year	226,290	279,791	506,081	837,671
Net Assets End of Year	$ 542,376	$ 30,267	$ 572,643	$ 506,081

See accompanying notes to financial statements

GULFCOAST LEGAL SERVICES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Total
Operating Support and Revenue			
Grants and contract revenue	$ 1,062,978	$ 288,185	$ 1,351,163
Contributions	113,953	-	113,953
In-kind revenue	534,451		534,451
Article V	358,808	-	358,808
Other	107,963	-	107,963
Net assets released from restrictions:			
Satisfaction of program restrictions	477,199	(477,199)	-
Total operating support and revenue	2,655,352	(189,014)	2,466,338
Operating Expenses			
Program services	2,226,330	-	2,226,330
General and administrative	433,555	-	433,555
Fundraising	133,037	-	133,037
Total operating expenses	2,792,922	-	2,792,922
Change in Net Assets from Operations	(137,570)	(189,014)	(326,584)
Other Changes			
Loss on sale of property and equipment	(5,702)	-	(5,702)
Interest expense	696	-	696
	(5,006)	-	(5,006)
Change in Net Assets	(142,576)	(189,014)	(331,590)
Net Assets at Beginning of Year	368,866	468,805	837,671
Net Assets at End of Year	$ 226,290	$ 279,791	$ 506,081

See accompanying notes to financial statements

GULFCOAST LEGAL SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

	Program Services	General and Administrative	Fundraising	Total 2017	Total 2016
Personnel expenses					
Lawyers' salaries	$ 621,568	$ 41,026	$ 294	$ 662,888	$ 775,247
Paralegal salaries	179,779	22	-	179,801	175,285
Other salaries	134,365	169,225	4,482	308,072	356,341
Employee benefits	211,301	33,551	1,851	246,703	262,551
Total personnel costs	1,147,013	243,824	6,627	1,397,464	1,569,424
Other expenses					
In-kind expense	395,512	32,589	122	428,223	534,451
Space and occupancy	104,933	24,499	346	129,778	150,383
Accounting and audit	26,088	80,523	101	106,712	126,211
Grants and allocations	90,934	-	-	90,934	89,590
Repairs and maintenance	57,593	22,929	10,714	91,236	69,037
Depreciation	30,328	6,916	155	37,399	47,666
Insurance	44,756	1,715	25	46,496	47,416
Telephone	31,601	5,778	39	37,418	28,597
Travel, training and conferences	33,601	8,358	155	42,114	27,192
Contract services to program	10,641	1,293	15	11,949	26,043
Postage and printing	11,125	2,298	11,621	25,044	22,720
Contract services to clients	26,481	-	-	26,481	17,967
Office supplies	5,454	1,216	2	6,672	7,967
Dues and fees	4,301	305	200	4,806	6,618
Bank charges	41	3,758	385	4,184	6,291
Other	3,560	1,291	-	4,851	4,919
Advertising	10,532	965	4,460	15,957	4,870
Client litigation	1,625	-	-	1,625	2,508
Library maintenance	-	-	-	-	2,052
Janitorial maintenance	-	-	-	-	1,000
Total other expenses	889,106	194,433	28,340	1,111,879	1,223,498
Total functional expenses	$ 2,036,119	$ 438,257	$ 34,967	$ 2,509,343	$ 2,792,922

See accompanying notes to financial statements

GULFCOAST LEGAL SERVICES, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Cash Flows from Operating Activities:		
Change in net assets	$ 66,562	$ (331,590)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	37,399	47,666
Loss on sale of property and equipment	2,639	5,702
(Increase) Decrease in:		
Grants receivable	148,599	233,345
Other accounts receivable	(23,724)	-
Prepaids and other	8,969	6,746
(Decrease) Increase in:		
Accounts payable	(29,398)	(29,973)
Accrued liabilities	(17,163)	(43,203)
Deferred revenue	(254,583)	(254,294)
Net cash used in operating activities	(60,700)	(365,601)
Cash Flows from Investing Activities:		
Acquisition of property and equipment	(32,844)	-
Return (payment) of security deposit	1,600	(1,342)
Net cash used in investing activities	(31,244)	(1,342)
Net Decrease in Cash and Cash Equivalents	(91,944)	(366,943)
Cash and Cash Equivalents and Restricted Cash at Beginning of Year	434,805	801,748
Cash and Cash Equivalents and Restricted Cash at End of Year	$ 342,861	$ 434,805

See accompanying notes to financial statements

NOTE A - NATURE OF ORGANIZATION

Gulfcoast Legal Services, Inc. (the Organization) is a tax exempt, Florida not-for-profit corporation organized for the purpose of providing high quality legal assistance in civil matters to vulnerable individuals, families, and communities financially eligible in Pinellas, Sarasota, Hillsborough, Pasco, and Manatee Counties, Florida.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

The Organization presents information regarding its financial position and activities according to three classes of net assets described as follows:

- Unrestricted Net Assets - All resources over which the governing board has discretionary control. The governing board of the Organization may elect to designate such resources for specific purposes. This designation may be removed at the Board's discretion.

- Temporarily Restricted Net Assets - Resources for which donor imposed restrictions related to use or timing have not yet been met. Such resources will become unrestricted when the requirements of the donor or grantee have been satisfied through expenditure for the specified purpose or program or through the passage of time.

- Permanently Restricted Net Assets - Resources accumulated through donations or grants that are subject to the restriction in perpetuity that the principal be invested. These net assets include the original value of the gift, plus any subsequent additions. The Organization has no permanently restricted net assets as of December 31, 2017 and 2016.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Significant estimates include the collectability of receivables, determination of the useful lives of the property and equipment, and allocation of functional expenses.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit with financial institutions. The Organization considers all highly liquid assets with an initial maturity of three months or less as cash and cash equivalents.

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash held in financial institutions in excess of federally-insured limits. From time to time throughout the years ended December 31, 2017 and 2016, the Organization's cash balance may have exceeded the federally insured limit. However, the Organization has not experienced and does not expect to incur any losses in such accounts.

Restricted Cash

Restricted cash consists of monies received in advance from a funder that is restricted for use only on the underlying grant activities.

Grants Receivable

Grants receivable represent amounts due from various federal, state, and local agencies for purposes specified by each grant. Management monitors the collection status of its receivable balance on an ongoing basis.

The carrying amount of grants receivable is reduced by an allowance for credit losses that reflects management's best estimate of the amounts that will not be collected. Each balance is individually reviewed as deemed necessary. Based on management's assessment an estimate is made of the portion, if any, of the balance that will not be collected. Receivables are written off as a charge to the allowance for credit losses when, in management's estimation, it is probable that the receivable is worthless. Management considers all receivables to be collectible. As such, an allowance for doubtful accounts is not recorded in the accompanying financial statements.

Property and Equipment

Property and equipment are stated at cost, if purchased or at estimated fair value at the date of receipt, if acquired by gift. Expenditures in excess of $1,000 with an estimated useful life in excess of one year are capitalized. Depreciation is calculated using the straight-line method over the useful lives of the respective assets ranging from 3 to 10 years for furniture and equipment, and 5 years for leasehold improvements (based on estimated term of lease). Library items are fully depreciated as of December 31, 2017 and 2016.

The Organization reports gifts of and grants used to purchase land, building, and equipment as unrestricted support unless explicit donor stipulations specify how the assets must be used. Donations of and grants used to purchase long-lived assets with explicit restrictions that specify how the assets are to be used and gifts and grants of cash or 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 expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accrued Liabilities

Accrued liabilities consist of accruals for payroll and related expenses.

Contributed Services

Amounts representing the estimated value of significant donated legal services are included as support and expenses in the financial statements. These hours are influenced by the complexity of the individual cases and the experience of the attorney, and therefore could fluctuate from year to year. The total hourly rate was estimated by the local bar association to be $200 for 2017 and 2016. Total contributed services included in revenues and expenses for the years ended December 31, 2017 and 2016, respectively, were $339,700 and $458,525.

Revenue Recognition

The Organization accounts for contributions received as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

All other donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), temporarily restricted contributions are reclassified and reported in the statements of activities as net assets released from restrictions.

Federal, state, and local government and other public grants that are indicative of exchange transactions are recognized as support when performance occurs pursuant to the contract agreement. Revenue under these contracts is deferred until earned. Certain grants which have attributes more consistent with contributions than exchange transactions are accounted for consistent with contributions. During 2015, the Organization entered into a grant agreement that provided for the prepayment of approximately $554,000. The grant was indicative of an exchange transaction; accordingly, the amounts received for services not yet provided were included in deferred revenue in the accompanying statements of financial position. Funding under this grant is to be used to provide legal services related to managing debt and household expenses over a two-year period ending January 2018.

Functional Expenses

Direct expenses are charged to program or supporting services based on specific identification. Indirect expenses have been allocated based on management's estimation of employee time spent in each functional area.

Income Tax Status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, it has been determined by the Internal Revenue Service that the Organization is not a private foundation under Section 509(a) of the Code. Accordingly, no provision for income taxes has been recorded.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income Tax Status - Continued

The Organization accounts for the effect of any uncertain tax positions based on a "more likely than not" threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a "cumulative probability assessment" that aggregates the estimated tax liability for all uncertain tax positions.

The Organization has identified its tax status as a tax-exempt entity as its only significant tax position; however, the Organization has determined that such tax position does not result in an uncertainty requiring recognition. The Organization is not currently under examination by any taxing jurisdiction. The Organization's federal returns are generally open for examination for three years following the date filed.

Impairment of Long-Lived Assets

Management reviews all long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to a real property appraisal. If the carrying amount of an asset exceeds its appraisal value, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Advertising Costs

Advertising costs are expensed as incurred and were $15,957 and $4,870 for the years ended December 31, 2017 and 2016, respectively.

Comparative Financial Statements

The accompanying financial statements include certain prior year summarized comparative total amounts. 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 December 31, 2016, from which the summarized information was derived.

Reclassifications

Certain amounts in the 2016 financial statement have been reclassified to conform to the 2017 presentation. The change had no impact on the prior year's change in net assets.

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2017	2016
Furniture and fixtures	$ 7,102	$ 11,401
Library	-	23,796
Office equipment	502	502
Leasehold improvements	74,071	74,071
Computer equipment	46,243	130,890
	127,918	240,660
Less accumulated depreciation	(67,059)	(172,606)
	$ 60,859	$ 68,054

NOTE D - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets represent grants and contracts for which expenses have not yet been incurred to satisfy the restricted purpose. As of December 31, 2017 and 2016, temporarily restricted net assets consisted of the following:

	2017	2016
IOTA funds through Florida Bar Foundation	$ -	$ 230,720
Southwind settlement - use restriction	30,267	35,009
Other - use restriction	-	14,062
Total temporarily restricted net assets	$ 30,267	$ 279,791

During the years ended December 31, 2017 and 2016, the following temporarily restricted net assets were released from restriction:

	2017	2016
IOTA funds through Florida Bar Foundation	$ 230,720	$ 468,805
Southwind settlement - use restriction	4,742	-
Other - use restriction	14,062	8,394
Total temporarily restricted net assets	$ 249,524	$ 477,199

NOTE E - CONCENTRATIONS

Federal, state, county, city, and other agencies award funds to the Organization for special purposes. During 2017 and 2016, 41% and 47%, respectively, of revenues were received from four funders.

At December 31, 2017 and 2016, 55% and 59% of the grants receivable balance was due from three and one agency, respectively.

NOTE F - OPERATING LEASES

The Organization leases office space and office equipment under various month-to-month and a long-term operating leases. At December 31, 2017, the future minimum rental commitments under non-cancellable operating leases are as follows:

Years ending December 31,	Amount
2018	81,204
2019	34,740
2020	26,055
	$ 141,999

The Organization's corporate office space is leased from Pinellas County. The lease expires in August 2019; thereafter, the lease may be renewed for one year upon written request from the Organization and approval of Pinellas County. The total rental expense for the years ended December 31, 2017 and 2016 was approximately $129,000 and $144,000, respectively. In-kind rental expense for various space for the years ended December 31, 2017 and 2016 was approximately $88,500 and $75,900, respectively, and was included in in-kind expense in the schedule of functional expenses.

NOTE G - EMPLOYEE BENEFIT PLAN

The Organization maintained a 403(b) (SEP/IRA) Tax Exempt Employer Contribution Retirement Plan (Original Plan) which was amended effective December 1, 2015 to a 403(b) Thrift Plan (Amended Plan). The Original Plan covered all permanent employees after one year of employment. The annual employer contribution was discretionarily determined by the Board of Directors. No amounts were contributed during 2017 or 2016.

The Amended plan covers substantially all permanent employees. The annual employer contribution is discretionarily determined by the Board of Directors. No amounts were contributed during 2017. Participants of the Original Plan are immediately vested in discretionary employer contributions. Other participants are 50% and 100% vested after one year and two years of service, respectively. Employee contributions are allowed under the Amended Plan.

NOTE H - NON-FEDERAL MATCH CERTAIN CONTRACTS

Several grant agreements require a match of the federal funds received in the form of cash and/or in-kind resources. For the years ended December 31, 2017 and 2016, the Organization was in compliance with these matching requirements.

NOTE I - CONCENTRATION OF SOURCE OF SUPPLY OF LABOR

The Organization signed a collective bargaining agreement (CBA) with the National Organization of Legal Service Workers. The agreement period was from April 1, 2014 through March 31, 2017 with a one-year extension through March 31, 2018. The CBA was then temporarily extended and a new agreement put in place that is effective June 1, 2018 through May 31, 2021. The CBA covers all full-time and regular part-time staff attorneys and supervising attorneys, law graduates, paralegals, legal secretaries and other support staff (representing approximately 71% of the Organization's employees). The Organization's other employees are not represented by a union.

NOTE J - CONTINGENCIES

During 2015, certain grants were audited by the United States Department of Justice Office of the Inspector General Audit Division (IG). Total award amounts subject to the audit were approximately $1,418,000 with award periods covering October 1, 2012 through February 28, 2016. The results of the audit are now completed; however, a final report has not been issued by the IG. Management does not believe any adjustments to the financial statements related to the findings are necessary at December 31, 2017.

NOTE K - SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through June 28, 2018, the date the financial statements were available and issued. Except as disclosed in **NOTE I,** the Organization is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

OTHER INFORMATION

GULFCOAST LEGAL SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2017

Federal Agency *Pass-Through Entity* Federal Program	CFDA Number	Contract/ Pass-Through Entity Identifying Number	Expenditures
FEDERAL AWARDS:			
Department of Housing and Urban Development			
Passed through Pinellas County Fair Housing			
Community Development Block Grants/Entitlement Grants	14.218	CD17GCLS	$ 32,938
Passed through Manatee County			
Community Development Block Grants/Entitlement Grants	14.218	R-17-084	14,371
Passed through City of Largo			
Community Development Block Grants/Entitlement Grants	14.218	2186	21,689
Passed through City of Clearwater			
Community Development Block Grants/Entitlement Grants	14.218	GM 16-1510-203/192020/1	1,329
Passed through City of Bradenton			
Community Development Block Grants/Entitlement Grants	14.218	IDIS #624	38,063
			108,390
Department of Justice			
Passed through Pinellas County			
Justice Systems Response to Families	16.021	1122-0026	12,616
Services for Trafficking Victims	16.320	2015-VT-BX-K020	211,336
Crime Victim Assistance	16.575	VOCA-2017-Gulfcoast Legal Services-00610	25,452
Crime Victim Assistance	16.575	VOCA-2017-Gulfcoast Legal Services-00328	55,150
Crime Victim Assistance	16.575	VOCA-2017-Gulfcoast Legal Services-00670	57,443
			138,045
Passed through Florida Coalition Against Domestic Violence			
Violence Against Women Formula Grants	16.588	18-2057-Legal	20,000
	16.588	18-2057-LCH	12,400
			32,400
			394,397
Department of the Treasury			
Low Income Taxpayer Clinics	21.008	17-LITC0158-03-01	100,000
Department of Health and Human Services			
Passed through Area Agency on Aging of Pasco-Pinellas, Inc.			
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044	EA017-Gulfcoast-Legal	90,468
Passed through Senior Connection Center, Inc.			
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044	OAA-2016-GLS	111,908
			202,376
Passed through Area Agency on Aging of Pasco-Pinellas, Inc.			
National Family Caregiver Support, Title III, Part E	93.052	EA017-Gulfcoast-Legal	45,548
Passed through Senior Connection Center, Inc.			
National Family Caregiver Support, Title III, Part E	93.052	OAA-2016-GLS	23,776
			69,324
			271,700
Department of Homeland Security:			
Passed through United Methodist Cooperative Ministries			
Citizenship Education and Training	97.010	DHS-17-CIS-010-002	69,354
Total expenditures of federal awards			$ 943,841

See notes to the schedule of expenditures of federal awards

BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Gulfcoast Legal Services, Inc. under programs of the federal government for the year ended December 31, 2017. The information in this schedule is presented in accordance with accounting principles generally accepted in the United States of America as applicable to non-profit organizations and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.* Because the Schedule presents only a selected portion of the operations of Gulfcoast Legal Services, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Gulfcoast Legal Services, Inc.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

CONTINGENCIES

Expenditures incurred by the Organization are subject to audit and possible disallowance by the grantor agency. Management believes that if audited, any adjustments for disallowed expenses would be immaterial in amount.

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INDEPENDENT AUDITOR'S 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
Gulfcoast Legal Services, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Gulfcoast Legal Services, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 28, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 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 a 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. 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.

CONTINUED

INDEPENDENT AUDITOR'S 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* - CONTINUED

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 *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.

PDR CPAs + Advisors

Oldsmar, Florida
June 28, 2018

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Gulfcoast Legal Services, Inc.

Report on Compliance for Each Major Federal Program

We have audited Gulfcoast Legal Services, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2017. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

CONTINUED

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE - CONTINUED

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PDR CPAs + Advisors

Oldsmar, Florida
June 28, 2018

GULFCOAST LEGAL SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Part I - Summary of Auditor's Results

Financial Statements Section

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	___yes _X_ no
Significant deficiency(ies) identified not considered to be material weakness(es)?	___yes _X_ none reported
Noncompliance material to financial statements noted?	___yes _X_ no

Federal Awards Section

Internal control over major federal programs:	
Material weakness(es) identified?	___yes _X_ no
Significant deficiency(ies) identified not considered to be material weakness(es)?	___yes _X_ none reported
Type of auditor's report on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR part 200.516(a) of the Uniform Guidance?	___yes _X_ no

Identification of major federal programs:

Federal Programs:

CFDA Numbers	Name of Federal Program
16.320	Services for Trafficking Victims
93.044	Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers

Dollar threshold used to distinguish between type A and type B Federal programs	$ 750,000
Auditee qualified as low-risk auditee for federal purposes?	___yes _X_ no

Part II - Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weakness, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no reportable findings.

Part III - Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weakness, and instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required to be reported by the Uniform Guidance.

There were no reportable findings.

Summary Schedule of Prior Audit Findings

Finding: *2014-001 & 2014-001C* Inadequate Controls Over Reporting Under OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations

Status: Corrective action was taken.

Finding: *2014-002 & 2014-002C* Inadequate Controls Over Allocation and Classification of Payroll Costs

Status: Corrective action was taken.

SUPPLEMENTARY INFORMATION

GULFCOAST LEGAL SERVICES, INC.
SCHEDULE OF SUPPORT, REVENUE AND EXPENSES AND
CHANGES IN NET ASSETS FOR IOTA FUNDS
YEAR ENDED DECEMBER 31, 2017

	Legal Assistance to the Poor Program
Support:	
Grant	$ 461,437
Personnel expenses:	
Lawyer salaries	73,407
Other salaries	165,953
Employee benefits	71,808
Total personnel	311,168
Other expenses:	
Space	14,884
Equipment rental	11,814
Supplies	3,211
Telephone	5,582
Training	421
Travel	3,809
Library	4,925
Insurance	39,854
Dues & Fees	1,704
Audit	56,681
Litigation	17
Contract services to clients	5,804
Other	1,563
Total other expense	150,269
Total expenses	461,437
Support and revenue over expenses	-
Balance - Beginning of Year	-
Balance - End of Year	$ -

See independent auditor's report

GULFCOAST LEGAL SERVICES, INC.
SCHEDULE OF FUNCTIONAL EXPENSES – DEPARTMENT OF ELDER AFFAIRS REQUIRED FORMAT
YEAR ENDED DECEMBER 31, 2017

Expenses	Legal Services	Fundraising	Management & General	Total Supporting Services	Total
Salaries	$ 935,712	$ 4,776	$ 210,273	$ 215,049	$ 1,150,761
Payroll taxes and benefits	211,301	1,851	33,551	35,402	246,703
Travel	33,601	155	8,358	8,513	42,114
Communication/postage	42,726	11,660	8,076	19,736	62,462
Utilities*	104,933	346	24,499	24,845	129,778
Insurance	44,756	25	1,715	1,740	46,496
Maintenance and repair	57,593	10,714	22,929	33,643	91,236
Printing/supplies	5,454	2	1,216	1,218	6,672
Professional fees/legal/audit	36,729	116	81,816	81,932	118,661
Subcontractors	117,415	-	-	-	117,415
Depreciation	30,328	155	6,916	7,071	37,399
Other **	415,571	5,167	38,908	44,075	459,646
Total expenses	2,036,119	34,967	438,257	473,224	2,509,343
Allocation of management and general	430,708	7,549	(438,257)	(430,708)	-
Total expenses after allocation	$ 2,466,827	$ 42,516	$ -	$ 42,516	$ 2,509,343
Total units (hours)	19,869	N/A	N/A	N/A	N/A
Recalculated total unit cost (per case hour)	$ 124				

* Includes rental expense of $90,926, equipment lease of $37,760, parking of $200 and electricity of $892.

** Includes in-kind expenses of $428,223, litigation expenses of $1,625, bank fees of $4,184, dues and fees of $4,806, advertising of $15,957, and other expenses of $4,851.

See independent auditor's report