

Gulfcoast Legal Services, Inc.

Financial Statements

September 30, 2021 and 2020

and

**Reports of Independent Certified
Public Accountants**



**GULFCOAST LEGAL SERVICES, INC.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Gulfcoast Legal Services, Inc.
St. Petersburg, 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 September 30, 2021 and 2020, the related statements of activities and cash flows for the years then ended, the related statement of functional expenses for the year ended September 30, 2021, 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 audits. We conducted our audits 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 audits 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

INDEPENDENT AUDITOR'S REPORT - 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 September 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 26, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, 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 February 24, 2022, 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

INDEPENDENT AUDITOR'S REPORT - CONTINUED

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses - Department of Elder Affairs on page 30 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.

PDR CPAs + Advisors

Oldsmar, Florida
February 24, 2022

**GULFCOAST LEGAL SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2021 AND 2020**

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Current assets		
Cash and cash equivalents	\$ 651,914	\$ 473,690
Grants receivable	569,637	235,047
Other receivables	1,623	-
Prepays and other	80,602	77,180
Restricted cash	507,184	753,226
Client escrow funds	173	173
Total current assets	<u>1,811,133</u>	<u>1,539,316</u>
Other assets		
Property and equipment, net	93,106	88,698
Security deposit	203	203
Total other assets	<u>93,309</u>	<u>88,901</u>
Total Assets	<u>\$ 1,904,442</u>	<u>\$ 1,628,217</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Current liabilities		
Accounts payable	\$ 19,817	\$ 13,702
Client trust deposits	173	173
Accrued liabilities	136,890	126,034
Deferred revenue	408,569	248,520
Current portion of capital lease payable	12,615	12,465
Total current liabilities	<u>578,064</u>	<u>400,894</u>
Capital lease payable, net of current portion	36,576	50,134
Note payable	282,002	463,300
Total liabilities	<u>896,642</u>	<u>914,328</u>
Net assets		
Without donor restrictions		
Designated by the Board of Directors: operational reserve	461,764	301,575
Undesignated	546,036	412,314
Total net assets	<u>1,007,800</u>	<u>713,889</u>
Total Liabilities and Net Assets	<u>\$ 1,904,442</u>	<u>\$ 1,628,217</u>

See accompanying notes to financial statements

GULFCOAST LEGAL SERVICES, INC.
STATEMENTS OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	Without Donor	With Donor	Total	
	Restrictions	Restrictions	2021	2020
Operating Support and Revenue				
Grants and contracts	\$ 2,834,763	\$ -	\$ 2,834,763	\$ 2,628,973
Contributions	99,164	-	99,164	116,365
In-kind revenue	362,968	-	362,968	303,305
Article V	385,122	-	385,122	379,430
Other	7	-	7	12,844
Net assets released from restrictions:				
Satisfaction of restrictions	-	-	-	-
Total operating support and revenue	3,682,024	-	3,682,024	3,440,917
Operating Expenses				
Program services	3,150,160	-	3,150,160	2,850,636
General and administrative	624,122	-	624,122	518,461
Fundraising	77,590	-	77,590	70,177
Total operating expenses	3,851,872	-	3,851,872	3,439,274
Change in Net Assets from Operations	(169,848)	-	(169,848)	1,643
Nonoperating activities				
Gain on forgiveness of PPP loan	463,300	-	463,300	-
Interest income	459	-	459	1,903
	463,759	-	463,759	1,903
Change in Net Assets	293,911	-	293,911	3,546
Net Assets at Beginning of Year	713,889	-	713,889	710,343
Net Assets at End of Year	\$ 1,007,800	\$ -	\$ 1,007,800	\$ 713,889

See accompanying notes to financial statements

GULFCOAST LEGAL SERVICES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Support and Revenue			
Grants and contract revenue	\$ 2,628,973	\$ -	\$ 2,628,973
Contributions	101,865	14,500	116,365
In-kind revenue	303,305	-	303,305
Article V	379,430	-	379,430
Other	12,844	-	12,844
Net assets released from restrictions:			
Satisfaction of restrictions	18,000	(18,000)	-
Total operating support and revenue	<u>3,444,417</u>	<u>(3,500)</u>	<u>3,440,917</u>
Operating Expenses			
Program services	2,850,636	-	2,850,636
General and administrative	518,461	-	518,461
Fundraising	70,177	-	70,177
Total operating expenses	<u>3,439,274</u>	<u>-</u>	<u>3,439,274</u>
Change in Net Assets from Operations	5,143	(3,500)	1,643
Nonoperating activities			
Interest income	1,903	-	1,903
	1,903	-	1,903
Change in Net Assets	7,046	(3,500)	3,546
Net Assets at Beginning of Year	<u>706,843</u>	<u>3,500</u>	<u>710,343</u>
Net Assets at End of Year	<u>\$ 713,889</u>	<u>\$ -</u>	<u>\$ 713,889</u>

See accompanying notes to financial statements

GULF COAST LEGAL SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	Program Services	Supporting Services		Total	
		General and Administrative	Fundraising	2021	2020
Personnel expenses					
Lawyers' salaries	\$ 1,302,859	\$ 5,562	\$ -	\$ 1,308,421	\$ 1,173,545
Paralegal salaries	454,096	3,173	-	457,269	446,172
Other salaries	64,371	325,404	53,171	442,946	328,935
Employee benefits	387,572	100,087	6,850	494,509	423,189
Total personnel costs	2,208,898	434,226	60,021	2,703,145	2,371,841
Other expenses					
In-kind expense	339,382	23,071	515	362,968	303,305
Space and occupancy	145,548	8,282	908	154,738	200,589
Repairs and maintenance	108,939	28,793	2,118	139,850	142,495
Grants and allocations	96,162	-	-	96,162	96,641
Accounting, audit and legal	4,905	87,085	51	92,041	92,155
Travel, training and conferences	19,689	3,440	65	23,194	26,581
Telephone	15,396	3,732	155	19,283	17,426
Insurance	56,696	13,739	571	71,006	64,758
Advertising	11,582	3,766	2,378	17,726	9,764
Depreciation	30,473	5,590	890	36,953	35,342
Postage and printing	13,009	2,363	5,411	20,783	18,473
Office supplies	38,455	1,754	3,164	43,373	17,992
Contract services to program	36,027	2,446	26	38,499	13,815
Dues and fees	13,088	1,095	84	14,267	11,449
Other	2,448	1,218	237	3,903	9,082
Client litigation	9,463	-	-	9,463	3,739
Bank charges	-	3,522	996	4,518	3,827
Total other expenses	941,262	189,896	17,569	1,148,727	1,067,433
Total functional expenses	\$ 3,150,160	\$ 624,122	\$ 77,590	\$ 3,851,872	\$ 3,439,274

See accompanying notes to financial statements

GULFCOAST LEGAL SERVICES, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
Cash Flows from Operating Activities:		
Change in net assets	\$ 293,911	\$ 3,546
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	36,953	35,342
Gain on forgiveness of PPP loan	(463,300)	-
(Increase) Decrease in:		
Grants receivable	(334,590)	279,576
Other accounts receivable	(1,623)	1,390
Prepays and other	(3,422)	(43,738)
(Decrease) Increase in:		
Accounts payable	5,172	(6,684)
Accrued liabilities	10,856	18,796
Deferred revenue	160,049	163,595
	(295,994)	451,823
Cash Flows from Investing Activities:		
Acquisition of property and equipment	(41,361)	(13,564)
Cash Flows from Financing Activities:		
Proceeds from note payable	282,002	463,300
Principal payments on capital lease payable	(12,465)	(2,063)
	269,537	461,237
Net cash (used in) provided by operating activities	(295,994)	451,823
Cash Flows from Investing Activities:		
Acquisition of property and equipment	(41,361)	(13,564)
Cash Flows from Financing Activities:		
Proceeds from note payable	282,002	463,300
Principal payments on capital lease payable	(12,465)	(2,063)
	269,537	461,237
Net cash provided by financing activities	269,537	461,237
Net (Decrease) Increase in Cash and Cash Equivalents	(67,818)	899,496
Cash and Cash Equivalents and Restricted Cash at Beginning of Year (including restricted cash of \$753,226 and \$128,779 at September 30, 2020 and 2019, respectively)	1,226,916	327,420
Cash and Cash Equivalents and Restricted Cash at End of Year (including restricted cash of \$507,184 and \$753,226 at September 30, 2021 and 2020, respectively)	\$ 1,159,098	\$ 1,226,916
Supplemental Disclosures of Cash Flow Information:		
Interest paid	\$ 1,066	\$ 88
Non-Cash Investing and Financing Activities:		
Acquisition of property and equipment via capital lease payable	\$ -	\$ 63,719

See accompanying notes to financial statements

**GULFCOAST LEGAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

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), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by action of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restriction to net assets without donor restrictions in the statements of activities.

Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing legal assistance services. Nonoperating activities are limited to resources that generate return from investments and cash and other activities considered to be more unusual or nonrecurring in nature.

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.

**GULFCOAST LEGAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

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 September 30, 2021 and 2020, 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).

Accrued Liabilities

Accrued liabilities consist of accruals for payroll and related expenses.

**GULFCOAST LEGAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 \$210 and \$200 for 2021 and 2020, respectively. Total contributed services included in revenues and expenses for the years ended September 30, 2021 and 2020, respectively, were \$267,409 and \$222,558.

Revenue Recognition

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net asset without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of the donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Federal, state, and local government and other public grants, including cost reimbursement contracts, are considered conditional contributions and are recognized as support when performance occurs pursuant to the contract agreement. Revenue under these contracts is deferred until earned. Amounts received for services not yet provided are included in deferred revenue in the accompanying statements of financial position.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Certain costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis. Expenses are charged to program or supporting service based on specific identification when possible. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Personnel expenses	Time and effort
Office expenses	Ratio of employee time per function
Operating insurance	Ratio of employee time per function
Other	Ratio of employee time per function
Repairs and maintenance	Ratio of employee time per function
Space and occupancy	Ratio of employee time per function
Accounting and audit	Ratio of employee time per function

**GULFCOAST LEGAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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 the future undiscounted cash flows. If the carrying amount of an asset exceeds the future undiscounted cash flows, 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 \$17,726 and \$9,764 for the years ended September 30, 2021 and 2020, respectively.

GULFCOAST LEGAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 US GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2020.

NOTE C - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets available to meet general expenditures over the next twelve months at September 30:

	<u>2021</u>	<u>2020</u>
Financial Assets:		
Cash and cash equivalents	\$ 651,914	\$ 473,690
Grants receivable	569,637	235,047
Other receivables	<u>1,623</u>	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,223,174</u>	<u>\$ 708,737</u>

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in a separate money market account. The Board of Directors has designated these net assets; the amounts are presented as a separate component of net assets without donor restrictions in the statement of financial position. As described in **NOTE E**, the Organization also has a \$200,000 line-of-credit available for use in meeting financial obligations.

**GULF COAST LEGAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at September 30:

	2021	2020
Furniture and fixtures	\$ 66,737	\$ 66,737
Leasehold improvements	74,071	74,071
Computer equipment	143,821	112,862
	284,629	253,670
Less accumulated depreciation	(191,523)	(164,972)
	\$ 93,106	\$ 88,698

NOTE E - LINE-OF-CREDIT

The Organization has a line-of-credit with a borrowing capacity of \$200,000 payable upon demand that matures in August 2023. The interest rate on this line-of-credit is the prime rate plus .85%, with a minimum rate of 4.75% (4.75% at September 30, 2021 and 2020, respectively). There is no amount outstanding on the line-of-credit at September 30, 2021 and 2020.

NOTE F - NOTE PAYABLE

In response to the coronavirus (COVID-19) outbreak in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief and Economic Security Act that, among other economic stimulus measures, established the Paycheck Protection Program (PPP) to provide small business loans. In April 2020, the Organization received a PPP loan in the amount of \$463,300. The Organization used the proceeds from the loan for qualifying expenses and received forgiveness in November 2020 of \$463,300. Income from forgiveness is included in the statements of activities for the year ended September 30, 2021.

In February 2021, the Organization obtained a second PPP loan in the amount of \$282,002. The note matures in February 2026 and bears interest at a fixed annual rate of 1%, with loan payments deferred until certain events occur in accordance with the PPP program regulations. The Organization anticipates forgiveness on the entire balance of this loan. The entire loan amount is included as a long-term liability in the accompanying statements of financial position at September 30, 2021. Subsequent to year end, the Organization was approved for loan forgiveness for the entire balance of the second PPP loan.

**GULFCOAST LEGAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE G - CAPITAL LEASE

During 2020, the Organization entered into a capital lease for copiers that requires monthly payments of \$1,200 through August 2025. At September 30, 2021 and 2020, the gross amount of equipment under capital leases was \$63,719 and related accumulated depreciation recorded under the capital lease was \$14,868 and \$2,124, respectively. Amortization of assets held under the capital lease is included within depreciation expense.

The present value of future minimum capital lease payments as of September 30, 2021 were as follows:

Years ending September 30,	Amount
2022	\$ 13,442
2023	13,442
2024	13,442
2025	11,202
Total minimum lease payments	51,528
Less amount representing interest	(2,337)
Present value of capital lease payable	49,191
Less current portion of capital lease payable	(12,615)
Capital lease payable, net of current portion	\$ 36,576

NOTE H - NET ASSETS

Net assets released from donor restrictions for the year ended September 30, 2020 are \$18,000. There were no net assets released from donor restrictions for the year ended September 30, 2021.

NOTE I - CONCENTRATIONS

Federal, state, county, city, and other agencies award funds to the Organization for special purposes. During the years ended September 30, 2021 and 2020, 35% and 49%, respectively, of revenues were received from two funders.

At September 30, 2021 and 2020, 74% and 71% of the grants receivable balance was due from one and five funders, respectively.

GULFCOAST LEGAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE J - OPERATING LEASES

The Organization leases office space and office equipment under various long-term and month-to-month operating leases which expire at various dates through 2022. The future minimum rental commitments under non-cancellable operating leases for the year ending September 30, 2022 are \$113,217.

The Organization's corporate office space is leased from Pinellas County. The lease expires in August 2022; 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 September 30, 2021 and 2020 was approximately \$150,000 and \$176,000, respectively. In-kind rental expense for various spaces for the years ended September 30, 2021 and 2020 was approximately \$95,600 and was included in in-kind expense in the schedule of functional expenses.

NOTE K - 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 the years ended September 30, 2021 and 2020.

The Amended Plan covers substantially all permanent employees. The annual employer contribution is discretionarily determined by the Board of Directors. There was no contribution for the years ended September 30, 2021 and 2020. 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 L - 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 September 30, 2021 and 2020, the Organization was in compliance with these matching requirements. During the year ended September 30, 2021, the Organization received a full match waiver on the Victims of Crime Act 2020-2021 grant award.

NOTE M - CONCENTRATION OF SOURCE OF SUPPLY OF LABOR

The Organization signed a collective bargaining agreement (CBA) with the National Organization of Legal Service Workers. An agreement was put in place and effective for the period June 1, 2018 through May 31, 2021. The CBA was then temporarily extended through September 30, 2021 and a new agreement was put in place that is effective November 1, 2021 through October 31, 2024. 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.

**GULFCOAST LEGAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE N - COMMITMENTS AND CONTINGENCIES

COVID-19

In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the year ended September 30, 2022.

NOTE O - SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through February 24, 2022 the date the financial statements were available to be issued. The Organization is not aware of any subsequent events, except disclosed in **NOTE F** and **NOTE M**, which would require recognition or disclosure in the financial statements.

OTHER INFORMATION

GULFCOAST LEGAL SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2021

<u>Federal Agency</u> <u>Pass-Through Entity</u> <u>Federal Program</u>	<u>CFDA</u> <u>Number</u>	<u>Contract/</u> <u>Pass-Through Entity</u> <u>Identifying Number</u>	<u>Expenditures</u>
FEDERAL AWARDS:			
Department of Housing and Urban Development			
CDGB-Entitlement Grants Cluster			
<i>Passed through Manatee County</i>			
Community Development Block Grants/Entitlement Grants	14.218	R-19-096	\$ 12,095
COVID-19 - Community Development Block Grants/Entitlement Grants	14.218	R-20-117	33,763
	14.218	19-CV-GLS	10,045
<i>Passed through Pinellas County</i>			
Community Development Block Grants/Entitlement Grants	14.218	CD20GLS	10,453
COVID-19 - Community Development Block Grants/Entitlement Grants	14.218	CDCV19GLS	33,230
<i>Passed through City of St. Petersburg</i>			
Community Development Block Grants/Entitlement Grants	14.218	B-20-MW-12-0017	1,973
<i>Passed through City of Largo</i>			
Community Development Block Grants/Entitlement Grants	14.218	22501 Gulfcoast Legal Svs 2020	26,030
<i>Passed through City of Clearwater</i>			
Community Development Block Grants/Entitlement Grants	14.218	CDBG-CV20	14,126
COVID-19 - Community Development Block Grants/Entitlement Grants	14.218	GM20-9216-079	74,541
			<u>216,256</u>
Department of Justice			
<i>Passed through Pinellas County</i>			
Services for Trafficking Victims	16.320	2018-VT-BX-0005	248,012
<i>Passed through Florida Department of Legal Affairs, Office of the Attorney General</i>			
Crime Victim Assistance	16.575	VOCA-2020-GLS-00580	500,041
Crime Victim Assistance	16.575	VOCA-2020-GLS-000616	377,300
Crime Victim Assistance	16.575	VOCA-2020-GLS-00622	172,565
			<u>1,049,906</u>
<i>Passed through Florida Department of Children and Families</i>			
Violence Against Women Formula Grants	16.588	LNXXX	17,657
	16.588	LN172	6,400
			<u>24,057</u>
<i>Passed through Pinellas County</i>			
OJV - DOJ OJV Justice for Families	16.021	2020-FJ-AX-0011	17,008
<i>Passed through Pinellas County Ex-offender Re-entry Coalition</i>			
Second Chance Act Reentry Initiative	16.812	N/A	31,250
			<u>1,370,233</u>
Department of the Treasury			
Low Income Taxpayer Clinics	21.008	20-LITCO349-03-00	43,974
	21.008	20-LITCO349-03-00	61,452
			<u>105,426</u>
Department of Health and Human Services			
Aging Cluster			
<i>Passed through Area Agency on Aging of Pasco-Pinellas, Inc.</i>			
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044	ECA20-GULFCOAST LEGAL	2,049
	93.044	EA021-GULFCOAST LEGAL	60,310
COVID-19 - Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044	ECA20-GULFCOAST LEGAL	2,605
<i>Passed through Florida Rural Legal Service, Inc.</i>			
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044	OAA 205.20	6,241
	93.044	OAA 205.21	18,711
<i>Passed through Senior Connection Center, Inc.</i>			
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044	OAA-2020-GLS	19,883
	93.044	OAA-2021-GLS	59,106
			<u>168,905</u>
<i>Passed through Area Agency on Aging of Pasco-Pinellas, Inc.</i>			
National Family Caregiver Support, Title III, Part E	93.052	EA021-GULFCOAST LEGAL	4,925
COVID-19 - National Family Caregiver Support, Title III, Part E	93.052	ECA20-GULFCOAST LEGAL	17,521
<i>Passed through Senior Connection Center, Inc.</i>			
National Family Caregiver Support, Title III, Part E	93.052	CARES-20/21-GLS	7,525
	93.052	OAA-2021-GLS	16,673
			<u>46,644</u>
			<u>215,549</u>
Total expenditures of federal awards			<u>\$ 1,907,464</u>

See notes to the schedule of expenditures of federal awards

GULFCOAST LEGAL SERVICES, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2021

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 September 30, 2021. 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.

INDIRECT COST RATE

The Organization elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance, when applicable.

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.

SUBRECIPIENTS

The Organization did not provide federal or state funds to subrecipients for the year ended September 30, 2021.



**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. (a nonprofit organization) (the Organization), which comprise the statement of financial position as of September 30, 2021, 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 February 24, 2022.

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) 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 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 financial statements. 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
February 24, 2022



**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 September 30, 2021. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 September 30, 2021.

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 weaknesses 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
February 24, 2022p

**GULFCOAST LEGAL SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified not considered to be material weakness(es)? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards Section

Internal control over major federal programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified not considered to be material weakness(es)? yes 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 no

Identification of major federal programs:

CFDA Numbers	Name of Federal Program
16.575	Crime Victim Assistance

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 no

GULFCOAST LEGAL SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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

A Summary Schedule of Prior Audit Findings is not necessary since there were no prior year audit findings related to a major federal program.

SUPPLEMENTARY INFORMATION

GULFCOAST LEGAL SERVICES, INC.
SCHEDULE OF FUNCTIONAL EXPENSES – DEPARTMENT OF
ELDER AFFAIRS
YEAR ENDED SEPTEMBER 30, 2021

<u>Expenses</u>	<u>Legal Services</u>	<u>Fundraising</u>	<u>Management & General</u>	<u>Total Supporting Services</u>	<u>Total</u>
Salaries	\$ 1,821,326	\$ 53,171	\$ 334,139	\$ 387,310	\$ 2,208,636
Payroll taxes and benefits	387,572	6,850	100,087	106,937	494,509
Travel	19,689	65	3,440	3,505	23,194
Communication/postage	28,405	5,566	6,095	11,661	40,066
Utilities*	145,548	908	8,282	9,190	154,738
Insurance	56,696	571	13,739	14,310	71,006
Maintenance and repair	108,939	2,118	28,793	30,911	139,850
Printing/supplies	38,455	3,164	1,754	4,918	43,373
Professional fees/legal/audit	40,932	77	89,531	89,608	130,540
Subcontractors	96,162	-	-	-	96,162
Depreciation	30,473	890	5,590	6,480	36,953
Other **	375,963	4,210	32,672	36,882	412,845
Total expenses	<u>3,150,160</u>	<u>77,590</u>	<u>624,122</u>	<u>701,712</u>	<u>3,851,872</u>
Allocation of management and general	<u>608,903</u>	<u>15,219</u>	<u>(624,122)</u>	<u>(608,903)</u>	<u>-</u>
Total expenses after allocation	<u>\$ 3,759,063</u>	<u>\$ 92,809</u>	<u>\$ -</u>	<u>\$ 92,809</u>	<u>\$ 3,851,872</u>
Total units (hours)	<u>39,288</u>	N/A	N/A	N/A	N/A
Recalculated total unit cost (per case hour)	<u>\$ 96</u>				

* Includes rental expense of \$147,201, equipment lease of \$3,131, and minor equipment of \$4,406.

** Includes in-kind expenses of \$362,968, litigation expenses of \$9,463, bank fees of \$4,517, dues and fees of \$14,323, advertising of \$17,723, and other expenses of \$3,851.

See independent auditor's report